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ABSTRACT

Fifteen papers commissioned by the U.S. Department of Education's School Finance Project are contained in this volume. The papers examine the changing dimensions of the federal-state partnership in education. The volume is organized into four sections. The first section is devoted to state educational policy concerns, including various state approaches to improving educational quality, school finance reform, and the states' relationship to special needs students. In the second section, the focus is on lessons states can learn from federal education programs, including material on federal strategies used prior to 1981 to deliver services to target groups such as the disadvantaged or handicapped, federal strategies for educational improvement, and what past experience with different types of federal programs can teach about intervention effectiveness. Consolidated and block grants as an alternative framework for federal-state programs and the probable responses of state education agencies to such programs are the subjects of the third section. The final section offers recommendations for restructuring the federal-state partnership in education, including the suggestion that the federal government adopt differential treatment for states that are merely adapting federal programs and states that are not complying. The suggestion is made that one form of differentiating (waivers) would be expensive and cumbersome. Other recommendations concern school-based strategies for school improvement and federal and state policies that reward improvement of learning. (JM)

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NEW DIMENSIONS
OF THE FEDERAL-STATE PARTNERSHIP IN EDUCATION

Edited by:
Joel D. Sherman
Mark A. Kutner
Kimberly J. Small

EA 015 816

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CONTENTS

AN OVERVIEW

The Context of Federal and State Education Policy
Mark A. Kutner, Joel D. Sherman, Kimberly J. Small 3

STATE EDUCATIONAL POLICY CONCERNS 15

State Involvement in Education Quality Issues
Milbrey W. McLaughlin 17

School Finance Reform: Redistributive Education Policy at the State Level
Allan Odden 27

State Initiatives for Special Needs Students
Harold R. Winslow and Susan M. Peterson 46

The States' Commitment to Special Needs Students
Lorraine M. McDonnell and Milbrey W. McLaughlin 63

FEDERAL EDUCATION PROGRAMS: LESSONS FOR THE STATES 83

Delivery of Educational Services to Target Groups: Federal Strategies Prior to 1981
Elizabeth R. Reisner 86

Federal Strategies for Educational Improvement
Brenda J. Turnbull 101

Strategies for Educational Policies: Compliance and Incentives
Erwin C. Hargrove 114

AN ALTERNATIVE FRAMEWORK FOR FEDERAL-STATE PROGRAMS: CONSOLIDATED AND BLOCK GRANTS 129

The Effects of Block Grants: Lessons from Experience
Harold Wolman 132

A Framework for Education Consolidation
Paul T. Hill 145

SEA Response to Consolidation of Federal Education Programs
Glenn Shive and Charles L. Thompson 156

RESTRUCTURING THE FEDERAL-STATE PARTNERSHIP IN EDUCATION 173

Differential Treatment of States
Richard F. Elmore 176

Differential Treatment: Waivers as a Reform Strategy
Jerome T. Murphy 195

School-Based Strategies: Implications for Government Policy
Jane L. David 208

Productivity in Elementary and Secondary Education Programs
David S. Seeley 219

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AN OVERVIEW: THE CONTEXT OF STATE AND FEDERAL EDUCATION POLICY

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Kimberly J. Small

THE CONTEXT OF FEDERAL AND STATE EDUCATION POLICY

Mark A. Kutner
Joel D. Sherman
Kimberly J. Small

Balancing domestic responsibilities among the Federal, State, and local levels of government has been a source of intergovernmental tension since the founding of the republic. Although the Constitution assigns most functions to either the Federal Government or the States, the parameters of responsibility are not always clear. Instead of a strict allocation of authority among government levels, the often ambiguous division of responsibilities has resulted in a dynamic and fluid concept of American federalism which is greatly influenced by political, economic, and social factors. Leach (1970) notes that American federalism is "something which is able to respond to changing needs and circumstances and is not bound by the tenets of a particular theory" (pp. 9-10). Consequently debates about federalism, like death and taxes, are inevitable.

Over the past twenty years, the Federal Government has extended its influence over all areas of State and local activities, including education, through grants-in-aid and regulations. The number of Federal grants programs increased from 60 to 498 between 1962 and 1978 and Federal expenditures rose from $7 billion to $85 billion during this period (ACIR, 1980, p. 4). In addition, there was an almost simultaneous imposition and tightening of Federal regulations associated with these grant programs as the Federal Government attempted to influence State and local adoption of Federal objectives in most areas of social policy.

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EDUCATION IN THE INTERGOVERNMENTAL SYSTEM

Since the expansion of the Federal role in domestic policy during the 1960s and 1970s, there is probably no area of Federal policy that has evoked as much debate over Federal involvement than elementary and secondary education. In contrast with programs of an earlier era that were limited in scale and confined to such national programs as defense, programs adopted since the late 1960s have been designed to reshape State and local priorities and activities in education.

Despite the expansion of Federal activities, States and local school districts provide over 90 percent of the revenues for elementary and secondary education. The responsibility for education is "reserved" for the States by the U.S. Constitution and traditionally rests as a State duty. Local districts, however, are the legal entities which ultimately receive funds and provide educational services.

The State Role

Each State establishes its own educational priorities, policies, and programs which local school districts must follow (e.g., setting curriculum, teacher certification standards and school year length). States also are responsible for authorizing the local taxing authority which enables local districts to pay for public education and providing State aid for education programs. In most States, expenditures for public education account for between 30 and 35 percent of the State budget (McDonnell and McLaughlin, 1982).

Although all States establish educational policies and implement fiscal arrangements to finance education, there is significant variation in terms of their ability and desire to do so. The nature of the State role in education emanates from the interaction of a number of specific factors which shape each State's capacity and willingness to provide educational services. Factors determining State capacity include fiscal condition and tax base; size of the State education agency (SEA) and training of the staff; and extent of SEA authority relative to the local school districts. State willingness, a more nebulous concept, is determined by the traditions and values which comprise the political culture and shape all State policies.

Other pressures which have influenced the State role in education over the past decade and a half include the school finance reform and property tax limitation movements which have contributed to a general increase in State aid for local school districts; Federal categorical programs and civil rights mandates which stimulated the development of State programs and/or increased funding for students with special educational needs; and public dissatisfaction with the "outcomes" of education which has led to such State measures as minimum competency testing to improve the quality of local education.

States have also been described as the cornerstone of Federal education policy. As the link between the Federal Government (policy prescriber) and the local levels (the service deliverers), States play a critical, but varied role in administering Federal policy. In some Federal programs such as P.L. 94-142, the Education for All Handicapped Children Act, States are charged with distributing and monitoring Federal funds to the local school districts. In other programs, such as Chapter 1 of the Education Consolidation and Improvement Act (ECIA), Federal funds are directly allocated to the local level. States, however, are responsible for monitoring local activities and enforcing Federal provisions. In programs such as Title VII, the Bilingual Education Act, Federal grants are made directly to the local education agencies (LEAs), completely bypassing the States. The State role in Federal policies varies not only among the different programs, but also according to the degree States have integrated Federal programs with their own educational activities.

The Federal Role

Through 1965 Federal education activities were confined to promoting educational training in selected occupations; providing financial assistance to local education agencies affected by the presence of Federal facilities (including military installations) or Federal personnel, and for purchasing equipment and supplies to enhance mathematics, science, and foreign language instruction; and prohibiting discrimination in schools. Passage of the Elementary and Secondary Education Act (ESEA) in 1965 signaled a shift in the focus of Federal education policy from supporting State efforts to encouraging the adoption of programs that represented nationally determined priorities. Two basic purposes have underpinned the Federal role in education since then: improving access to education for unserved and underserved students; and enhancing the basic quality of schooling.

The key to understanding the Federal role in education is understanding the limited capability Federal programs have in affecting State and local behavior. With only a few very minor exceptions the Federal Government does not directly deliver educational services and contributes only about 8 percent of total expenditures for public elementary and secondary education. Its role is best characterized as one of "leveraging"

State and local behavior to achieve nationally determined objectives.

In order to achieve its objectives, the Federal Government relies on a compliance-oriented, mixed strategy of financial assistance and regulation. The bulk of Federal education regulations are associated with the provision of financial assistance through grants-in-aid (e.g., rules governing program design and operations). Other types of regulation directed at State and local governments are "civil rights requirements" which prohibit discrimination on the basis of race, color, national origin, sex, and handicapping condition. Unlike other Federal regulations, civil rights requirements do not offer States and local governments any financial assistance to help defray the costs of compliance.

An important characteristic of Federal education policy, especially in view of the variability among States, is its uniformity of requirements. Federal education programs formally treat all States identically, making no allowances for differences in State capacity to provide services for children with special educational needs, their willingness to do so, and their general commitment to national priorities. While the Federal bureaucrats do treat States and school districts differently in informal ways, the general effect of uniform policy is the "worst case" scenario in which States with strong commitment to national priorities are burdened with prescriptive accountability requirements.

The structure of Federal education programs and strategies reflects the piecemeal development of the Federal role in education. Instead of evolving according to a master plan, new programs were independently created as additional problem areas were identified. The result was a large number of Federal programs containing numerous, sometimes overlapping and contradictory requirements.

The Local Role

While States shape education policy, local school districts implement programs and through the schools deliver educational services. Despite increases in State funding, local school districts or local governments remain responsible for raising local revenues to support elementary and secondary education.

Federal officials have been sometimes disappointed because their expectations for specific activities or results are not always fulfilled. In recent years there has been a growing understanding of the critical role school districts play in determining the character and success of Federally supported education initiatives and in adapting Federal activities to achieve their own priorities and needs. Berman and McLaughlin (1975), for example, suggest that Federal management strategies have minimal impact on perceived program success, while local motivation, commitment and sense of ownership are identified as key components of effective implementation.

CONDITIONS AFFECTING THE FEDERAL-STATE PARTNERSHIP IN EDUCATION

Just as the political and economic conditions of the mid-1960s and early 1970s enhanced the growth of Federal involvement in all areas of social policy, the political and economic realities of the 1980s appear likely to result in a substantial realignment in the structure of American federalism. A stagnant national economy, structural problems in State and local economies, and tax and expenditure limitations forewarn a period of fiscal retrenchment for all government levels.

The Reagan Administration is pushing for a decentralization of Federal authority by returning to States and localities major functional responsibilities and reducing Federal funding for most social programs. To the extent the Administration is successful in these efforts the structure of American federalism that has developed over the past twenty years, including the Federal-State partnership in education, will be significantly altered. The ensuing consequences for the social service delivery system are likely to be severe.

Although pressure to reduce Federal involvement in elementary and secondary education culminated, at least in the short run, in the Education Consolidation and Improvement Act of 1981 (ECIA), it seems likely that the Federal-State partnership in education will undergo further changes. In addition to the economic conditions which affect the entire intergovernmental system, factors affecting the nature of the Federal-State partnership in education include the level of State support of education, SEA capacity, State services for students with special education needs, and the effects of the current array of Federal education activities.

Economic Conditions

Distinguishing intergovernmental relations over the coming years from the previous decade is the slowing growth rate and possible decline of the State-local sector coupled with the prospects for no growth in Federal aid. While the 1960s were a period of sustained economic growth—real GNP increased between 2.2 and 6.0 percent annually, the 1980s began with a slight decline in real GNP. The consensus of economic forecasts is for only modest growth at best during the 1980s—between 2 and 3 percent annually. This projection suggests a rather lengthy period of fiscal retrenchment for two reasons. First, a crucial determinant of the trend in public sector spending is the condition of the economy; and second, because the Reagan Administration is committed to increasing expenditures for defense and reducing Federal taxes.

State Support of Education

The prospects for financing elementary and secondary education over the next decade must be viewed in the context of other trends in the intergovernmental fiscal system. Beginning with the 1960s, State reliance on the property tax as a source of revenue declined significantly. States were able to enhance their revenue generating capacity by initiating general sales and income taxes. The ability of these taxes to reflect changing economic conditions resulted in a tremendous increase in State revenues during the 1950s through mid-1970s. The growth in State revenues, in conjunction with the school finance reform movement's effort to equalize within State educational resources and the property tax limitation movement resulted in States generally assuming greater responsibility for financing elementary and secondary education. Between 1970 and 1980, the State share of State-local expenditures for education increased from 43 percent to 52 percent. Over one-half of the States currently provide more than 50 percent of non-Federal revenues for public education (McDonnell and McLaughlin, 1982). Since 1979 however, there appears to be at least some shift back to the local level. This may increase as States attempt to cope with limited economic growth and reduced Federal aid.

The question which remains to be answered is whether States will have the financial capability to provide adequate financial support for education in future years. Adams (1982) claims that during the 1980s there might be an "unprecedented turn-around in the fiscal health of most states, including the development of unprecedented fiscal disparities among them." She bases her conclusion on several factors including: a reduction in State taxes between 1977 and 1980; changes in the Federal income tax structure; the recession; and reductions in Federal aid.

SEA Capacity

There is little doubt that the States, as a whole, are today better equipped to provide educational services for all students than prior to the expansion of Federal activities. Twenty years ago SEAs were perceived to be mismanaged organizations staffed by soon to retire former school superintendents (Murphy, 1981). Through Title V of ESEA, however, Federal funds were appropriated to SEAs for modernizing, expanding, and improving the professional standards of their staffs. As a result of this Federal intervention SEAs have generally become more progressive and their managerial capacity has been markedly improved. It remains to be seen, however, what the affect of Title V's consolidation under Chapter 2 of ECIA will be. It seems unlikely that SEAs will receive anywhere near the previous level of funds for enhancing State management now that it must compete with emergency school aid, school libraries and instructional services, and basic skills—all former categorical programs. If SEA staff are reduced due to a shortfall in revenues, it may mean that SEA management capability will be declining just as the Federal Government is giving States increased responsibility and authority based on their improved capacity.

State Programs for Special Needs Students

As the Federal commitment to financing services for students with special educational needs expanded over the past 17 years there has been a concomitant increase in State activities for these student populations. Winslow and Peterson (1981) report that during the 1979-80 school year 23 States had either categorical programs or a weighted aid formula for compensatory education as compared with only 3 States prior to the initiation of the Federal compensatory education program, Title 1 of ESEA, now Chapter 1 of ECIA. In addition, 23 States now finance services for limited-English proficient students and all States offer special education services. The significant growth in State services for students with special educational needs is often cited as evidence of how far States have advanced since the late 1960s. This commitment, some argue, means that a prescriptive Federal role is no longer necessary. On the other hand there is some evidence that States may begin to reduce funding for special needs populations as the Federal Government cuts its funding and lessens the strength of its service mandates and civil rights guarantees.

Effects of Federal Education Programs

Categorical grants were the logical instrument in 1965 for distributing Federal education aid because States at that time were providing almost no special services for students with special educational needs and categorical grants had been used in other areas of domestic policy to stimulate State and local activities. The growing criticism of Federal categorical programs is in large part due to the limitations they place on participating State and local governments. What were previously viewed as advantages of categorical grants, i.e., maximizing Federal influence and ensuring fiscal controls, are now thought of as disadvantages, i.e., minimizing State and local discretion. Specific complaints are that Federal education programs result in a fragmented local program structure, intrude into State and local activities, and impose burdensome paperwork and administrative requirements whose costs are not fully reimbursed by the Federal Government.

The uniform way Federal programs treat all States has also come under growing criticism as States have expanded services for special needs students—some on par with the level of Federally financed services. There remains, however, substantial variance among the States in the extent of their services for special needs students. Some States, possessing the political and technical capacity to do so, have taken an activist stance in implementing special needs programs adopting national priorities as their own. Other States view Federal special needs programs as external to their activities and simply act as conduits in funneling Federal dollars to local school districts. The rules and regulations associated with the Federal categorical programs, however, are uniformly applied to all States regardless of their capacity and commitment to national objectives. In other words "progressive" States must adhere to the same accountability requirements as States without any commitment to serving special needs students.

THE CHANGING NATURE OF THE FEDERAL-STATE PARTNERSHIP

The Federal-State partnership in education is at the crossroads. The Reagan Administration is committed to further reducing the Federal role in education and devolving full responsibility for education back to State and local governments. The budget cuts enacted in 1981, coupled with additional proposed reductions will reduce the real levels of Federal education aid and most likely herald an era of lower Federal assistance.

There is little doubt that States are today better able and willing to educate all students. State capacity and willingness to support services for special needs students has, on the average, markedly improved since the onset of the modern Federal program era and States have assumed a significantly larger share of financial responsibility for financing elementary and secondary education. The key question, however, is whether States will be financially able to maintain services for students with special education needs during the oncoming period of fiscal retrenchment, reduced Federal assistance, and possibly modified or eliminated Federal "protections" for special need students.

This volume contains a series of papers, commissioned by the U.S. Department of Education's School Finance Project, which examine the changing dimensions of the Federal-State partnership in education by reviewing State education policy concerns, lessons States should learn from the Federal education program structure and alternatives for restructuring the Federal-State partnership, including a framework for block grants and implications for the States.

The discussion of experience with Federal program structures is relevant for State policymakers—not only due to the close interactions between Federal and State education policies, but because States, like the Federal Government, do not directly deliver services. State programs and policies, like their Federal counterparts, must be carried out at lower levels of government—although States can exert greater leverage over school districts because of their constitutional and statutory responsibility for education.

In contrast to the situation in 1965 when ESEA was enacted, there is now extensive experience with intergovernmental politics and management as well as knowledge of program implementation. The limits of Federal education programs, along with the strengths are well documented and the years have only underscored the importance of the States for Federal policy.

The volume is organized among four categories: State Education Policy Concerns; Federal Education Programs: Lessons for the States; An Alternative Framework for Federal-State Programs: Consolidated and Block Grants; and Restructuring the Federal-State Partnership in Education. Each section begins with a short review of the issues addressed and the papers.

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STATE EDUCATION POLICY CONCERNS

State Involvement in Educational Quality Issues
Milbrey W. McLaughlin

School Finance Reform:
Redistributive Education Policy at the State Level
Allan Odden

State Initiatives for Special Needs Students
Harold R. Winslow
Susan M. Peterson

The States' Commitment to Special Needs Students
Lorraine M. McDonnell
Milbrey W. McLaughlin

" . . . . research suggests that the desirability of an active State role is an important component in fostering local educational quality in the economic climate of the 1980s."

—Milbrey W. McLaughlin

" . . . . because of the proliferation of school finance reforms, the State role in education has become increasingly oriented to resource distribution."

—Allan Odden

" . . . . it is likely that readers interested in Federal policy will look to information about State-level efforts as one source of ideas for future Federal actions and for clues about future State responses."

—Harold Winslow and Susan M. Peterson

"Do the States have the capacity and willingness to serve special needs students in the face of reduced Federal funding and direction?"

—Lorraine M. McDonnell and Milbrey W. McLaughlin

STATE EDUCATION POLICY CONCERNS

Primary reponsibility for elementary and secondary education in the United States rests with the States. The 50 States, however, carry out this general responsibility in varied ways. Each one, for example, establishes its own legal code for education that deals with such matters as curriculum, school year length, and teacher certification. The specifics of each "State role" in education are a function of a range of conditions: each State's unique historical development and political culture; the relationship between the general government and the State education agency; the distribution of authority between the State agency and local districts; and the State's ability and willingness to provide financial support for schools. The key to understanding the State role in education is understanding the diversity that exists among the 50 States.

Several concerns have dominated the State educational policy agenda during the past decade, although not to the same extent in all States. These include the improvement of educational quality, the reform of State systems of school finance, and the provision of resources for students with special educational needs. The papers in this section examine State activities in these three policy areas and suggest possible developments during the 1980s.

Milbrey McLaughlin reviews various State approaches to improving educational quality. After comparing the focus and content of State efforts, McLaughlin finds that the most promising initiatives are comprehensive programs which are integrated into the general education program. Following an analysis of the factors underlying SEA commitment to promoting educational quality and improvement and the sources of variation among SEA activities, McLaughlin assesses the consequences of Chapter 2, ECIA, the Federal block grant for educational improvement, on the States. She determines that the broader SEA political environment could inhibit Federal policies aimed at enhancing educational quality; and that ECIA's flexibility also means a reduction in SEA discretion because Chapter 2 allows LEAs virtually complete autonomy in allocating these funds.

Allan Odden examines school finance reform as a redistributive policy and outlines some of the political elements that surrounded school finance reform efforts of the 1970s. The objective of his paper is to show, by using the school finance reform movement as an example, that there is potential for building and strengthening redistributive education policies (e.g., programs for students with special educational needs) at the State level. Based on the experience with school finance reform, he suggests that States will continue to provide resources for children with special educational needs even without Federal involvement.

Harold Winslow and Susan Peterson focus specifically on State programs for special needs populations. In contrast with Odden, their review suggests that State programs have generally been stimulated by Federal activities and requirements. Winslow and Peterson note, however, that the presence of State programs for special needs students might foreshadow a more collaborative Federal-State partnership during the 1980s. These programs could suggest the possibility of greater reliance on State initiatives, instead of Federally designed programs, to serve special needs populations.

Lorraine McDonnell and Milbrey McLaughlin analyze State experience with managing Federal and State programs for students with special educational needs. They examine factors which influence State capacity and willingness to serve special needs students in the face of reduced Federal funding and lessened regulations. Unlike the previous authors, McLaughlin and McDonnell conclude that most States lack the political commitment to special needs populations without some type of Federal direction. With the exception of programs for the handicapped, a reduced Federal role may therefore mean fewer services for special needs students. The authors believe, however, that a fundamental rethinking of the existing Federal categorical structure could create incentives for States to extend their capacity for managing the educational programs that have been developed over the past 17 years.

STATE INVOLVEMENT IN EDUCATIONAL QUALITY ISSUES

Milbrey W. McLaughlin

With the influx of the Elementary and Secondary Education Act's new dollars in 1965 most State education agencies (SEA) increased their overall size and involvement in program development, planning, and evaluation. In addition, many States have moved from being passive dispensers of services and standards to assuming an explicit and often quite active role in enhancing the quality of local educational practices. The findings presented in this paper represent a preliminary effort to describe the variety of State efforts directed at educational improvement.

Several factors underlie increased State involvement in local program quality issues. First, the accountability demands that accompanied increased student violence, rising drop-out rates, and falling student achievement scores in the 1970s forced States to "do something;" the minimum competency movement was born largely of this concern. Second, judicial and legislative involvement in the area of school finance led legislatures to take a closer look at the governance, operations and outcome of public education. Legislative deliberations were not confined to new finance formulas, but included areas such as testing, curriculum development, and technical assistance. Third, as overburdened local property taxes failed to provide sufficient school revenues, increased State contributions prompted new legislative or general government interest in the business of schooling. Finally, the State role in public education also has been redefined in part because of the learning gained through SEA experience with Federal education programs.

Milbrey W. McLaughlin is a Senior Researcher in the Political Science Department of the Rand Corporation, Santa Monica, California.

Table 1

STATE QUALITY IMPROVEMENT EFFORTS

	Teacher Evaluation/ Certification	Teacher Inservice	Administrative Training	Student Competency	Local Planning/ Curriculum Development	Parent Involvement/ Community Relations	School Improvement	School Accreditation/ Instructional Review
Alabama	X		X	X	X			X
Alaska								
Arizona								
Arkansas								
California								
Colorado								
Connecticut		X	X	X	X		X	
Delaware		X	X	X			X	
Florida	X		X	X		X		X
Georgia	X		X	X				
Hawaii								
Idaho								
Illinois					X			
Indiana	X			X		X		
Iowa								
Kansas								
Kentucky								
Louisiana								
Maine		X						X
Maryland			X	X				
Massachusetts		X			X			
Michigan		X			X	X		
Minnesota				X	X		X	
Mississippi	X				X			
Missouri	X			X	X			X
Montana								
New Hampshire								
Nebraska				X				
Nevada		X	X	X				
New Jersey	X			X	X			X
New Mexico								
New York				X			X	X
North Carolina			X	X				
North Dakota								
Ohio		X						
Oklahoma								
Oregon								
Pennsylvania		X	X				X	
Rhode Island					X			
South Carolina	X		X	X				
South Dakota		X						
Tennessee	X			X				
Texas								
Utah								
Vermont								
Virginia				X				X
Washington				X		X		
W. Virginia								
Wisconisin								
Wyoming								

Table 1 groups State efforts at improving education quality into categories as a simplifying strategy. While the table does not necessarily cover the complete range of quality improvement efforts in any State, the categories represent significant variation in focus, content and strategic choices. State efforts may include such diverse initiatives as new teacher certification requirements, in-service education programs, parent involvement requirements, new student competency measures, leadership workshops, school improvement programs and new regionalized SEA structures. (Data collection involved telephone interviews with SEA officials, legislators and their staff, and other informed observers of education policy in thirty States. Some local officials were contacted to verify or clarify State-level perceptions and relevant SEA program and planning documents as well as State legislation were reviewed.) In some States, the SEA defines its role as facilitative and subsidiary to the local education agency (LEA). Some States assume the problem lies with educational "inputs;" others focus on "outputs." Still others have formulated a comprehensive strategy that addresses all aspects of the process of schooling. Indeed, many States have begun to take "aggressive responsibility" for local educational improvement.

There are some features common to these State efforts: almost all States have adopted some form of student competency measure and have identified teacher training and in-service as important factors in the quality of local educational services. Beyond these broad similarities in focus, however, there are central differences that distinguish State efforts; these differences describe both the potential and the limitations of particular State quality improvement initiatives. In particular, State quality improvement efforts differ along two dimensions: 1) the scope and integration of State programs, and 2) State implementation strategies.

SCOPE AND INTEGRATION OF STATE PROGRAMS

Scope describes the comprehensiveness of State quality improvement efforts, while integration refers to the relationship among overall SEA program components. Narrowly focused efforts, which describe a limited and usually passive role for the SEA, are not typical. Most SEAs, acknowledging the complex nature of the local "quality problem," have developed multiple strategies to address different aspects of local educational practice, thereby increasing potential SEA effect. However, the impact of these multiple efforts turns in part on the extent to which the various State programs function as components of an integrated strategy or as isolated State interventions. Some State efforts resemble fragmented, often ad hoc, and unrelated SEA programs addressing discrete aspects of local service delivery. Connecticut, for example, has initiated programs which address many aspects of local practice but do not work together as a part of a comprehensive State strategy. In the view of local officials, the lack of coordination significantly diminishes the individual and collective effect of these SEA initiatives.

On the other hand, a State effort which explicitly integrates improvement strategies can be found in Minnesota. The State's basic skills curriculum guide allows teachers to analyze the effects of their instructional practice through the use of the State and local assessment measures. State technical assistance teams conduct follow-up teacher workshops and in-service training. Goals and objectives are specified, evaluated, and reported in a joint effort by the local community and the SEA. New Jersey and Georgia report similar success with their tightly coordinated basic skills programs. Florida, Missouri, and Rhode Island also provide examples of State efforts in which testing and other assessment information are explicitly coordinated with technical assistance, in-service education, curriculum development, and State-local planning.

Four characteristics are common to these integrated State quality improvement efforts. First, all are premised on a *school level* intervention model. Consistent with research and experience which points to the school building (rather than the district) as the critical source of variance in student outcomes, these States efforts directly involve SEA staff with particular school building needs and activities as the primary target for effective change and development. Second, State strategies utilizing *student level* data (in contrast to the aggregate or district level data that typically informed LEA and SEA management and assistance in the past) have several benefits:

1) SEA staff can assist teachers in planning more effectively by relating specific curricular choices or instructional practices to specific student outcomes.
2) SEA technical assistance or remedial resources are made more sensitive to areas of need.
3) State program planning is supplemented with information on the sustained effects of State, Federal or local programs on students.

4) In States like Missouri, where analysis and reporting strategies are well developed, savings have been made in time and resources by State assumption of data analysis tasks and uniform data collection instruments.

A third feature of integrated comprehensive State quality improvement efforts is the coordination of Federal, State, and local funds. Federal funds under the former ESEA Title IV-C (Innovative Projects), as well as the funds provided through Title II basic skills grants, were used together with State funds to support regional assistance centers, local planning, curriculum development and training activities. A few States also encouraged LEAs to use Title IV-B funds in support of new local testing requirements. A number of SEA officials maintain that the Federal discretionary capital was absolutely necessary to "venture" a coordinated, State-wide quality improvement effort.

Finally, these integrated, comprehensive State programs are associated with an active SEA role. For example, rather than simply publishing curriculum guides, SEA staff use the materials as an active technical assistance tool in working directly with teachers. Technical assistance is made an ongoing enterprise that does not await local invitation and is made accessible, typically through regional arrangements. However, as the next section discusses, there are important differences in how active SEAs define their role in local activities.

STATE IMPLEMENTATION STRATEGIES

States differ markedly in the strategies they choose to implement local quality improvement efforts. For example, Virginia, New Jersey and Maine all utilize school accreditation standards to promote local quality. Virginia's standards are mandatory, specified by amendment to the State's constitution and schools are monitored for compliance with twelve standards of quality. New Jersey also specifies a list of mandated standards which schools must meet to obtain State approval. However, unlike Virginia where LEAs must bear the costs of compliance, New Jersey accompanies their school monitoring with school-based technical assistance aimed at developing remedies to State-identified deficiencies. Maine's standards are entirely voluntary; districts can decide whether or not to participate in an accreditation review. In short, while all three States' efforts are focused on one issue, each State makes very different uses of regulation, assistance, and State authority.

State implementation strategies are distinguished primarily by the extent to which they rely on *regulation* or upon *assistance* to promote local quality improvement. Some States rely almost exclusively on regulation to accomplish State specified objectives. In Mississippi and Virginia, for example, local quality improvement programs have the status of mandates. In other States, regulations serve only as guidelines. In some cases, regulations with the force of law function in fact as guidelines because of State monitoring practices which do not promote effective compliance. A few States avoid regulation almost entirely and depend on assistance and other incentives to promote local educational improvement. Illinois, North Carolina, and Utah rely on the persuasion and assistance of SEA officials rather than regulation to encourage more effective local practices.

Either of these strategies, regulation or assistance, pose policy trade-offs when used alone. State strategies framed totally in terms of assistance are often limited in improving the practices of low-performing LEAs uninterested in receiving help, often the most in need. On the other hand, SEA resources are not expended coercing LEAs to do something they do not want to do—seldom a productive practice. Reliance on regulation also has its limitations as a quality improvement strategy. State regulatory efforts alone often fail to promote a meaningful response from those LEAs that need improvement the most because the regulations assume LEA capacity to identify, develop and carry out new or better practices. But many LEAs do not have the ability. The most promising State quality improvement efforts exhibit a strategic mix of compliance and assistance incentives. That is, State regulation or mandates are employed to direct local attention to a problem area; SEA assistance and resources are then used to assist LEAs in developing a productive response.

VARIATION IN THE SEA ROLE

Variation in State role can be explained primarily by differences in general government attitudes toward education and by popular beliefs concerning the role of central government. A significant number of SEAs have reported substantial redefinition of their role in the State's education policy system. While New York has traditionally occupied a strong and active position in its public education system, Alabama, Illinois, and South

Carolina have, until recently, had effectively an inconsequential role in local educational affairs. SEAs such as Maine, Nebraska, Oregon have not changed their traditional policy system posture. The impetus for a changed SEA role comes from the broader political, rather than the educational, system.

Shifts in SEA role—from a passive to an active participant in the business of schooling—correspond to a shift in general government perception about State-level reponsibility for the delivery of educational services. Change in general government's view of an appropriate SEA role can be traced to 1) school finance deliberations and legislative concern that dollar equalizations do not always lead to equal services because of fundamental differences in local capacity; 2) gubernatorial assertions that State economic interests are allied with a State's reputation for educational quality; and 3) citizen complaints that local officials are not meeting their responsibilities or that State standards and assistance need up-grading. However, where general government actors have not modified their view of an appropriate State role, State-level decision makers have decided that local control beliefs make substantive State involvement politically infeasible (as in Maine and Oregon) or that the local schools are faring well enough not to warrant an increased State role.

In a number of States, legislative interest was spurred by school finance debates. For example, in Maryland, New Jersey, Connecticut, and Florida, new State "quality improvement" legislation followed legislative deliberations on school finance formulas. In other States, for example, Virginia, Georgia, and Tennessee, new quality improvement legislation and support for expanded SEA activities was a political response to constituency demands for increased accountability and improved schooling outcomes. Gubernatorial involvement in public education is less common, although where it exists it has served to energize public education and define an active role for the SEA. Not surprisingly, the most comprehensive transformation of SEA function occurs (in Florida and New Jersey, for example) where both the legislature and the governor's office are active participants in the State's public education system.

The attitudes of general government, together with popular beliefs about the role of central government, combine to determine the level of legitimate SEA activity. Popular beliefs, in particular the mores of local control, often play a major part in determining SEA choices about the role of regulation or assistance in SEA implementation strategies. Although New York and Connecticut have quite similar school improvement programs, the quite different nature of SEA activities reflects popular attitudes about central authority. In New York, schools that consistently perform below State specified achievement levels are required to participate in the State's Resource Allocation Program. SEA staff are involved with school staff until the school has demonstrated improved student achievement and planning processes. In contrast, Connecticut's SEA does not become involved with a particular school site without the express commitment of the school principal and a 60 percent faculty vote to participate. This SEA strategy reflects a view with substantial research support that motivation and commitment are necessary for effective change. In Connecticut, SEA choices also are explicitly limited by traditions of LEA autonomy.

The influence of a State's local control ethos also is evident in the various approaches States have pursued in student competency testing. Where education politics are shaped by a belief in strong local control (as in Oregon and Indiana) the States have left specification of student competency measures to local staff, resulting in enormous local variation. In Indiana, where local autonomy has high priority, comparisons among LEAs are forbidden. Conversely, the Florida SEA takes active steps to stimulate competition; media reporting of test scores in five regional areas is used to foster competition among regions and districts. Further, SEA supplies $75,000 to support materials as a reward for academic excellence.

Contrary to the assumptions underlying many Federal policies (most particularly, the former ESEA Titles II, IV-C and V-B, and P.L. 93-380), some SEA's capacity for independent action is critically limited. SEAs then, are dependent upon their broader political environment for their authority, level of support, and broad definition of acceptable strategies. Without broad political capacity and will to assume a level of responsibility for the quality of local practices, SEAs will have limited opportunity to influence educational practices in the State.

FEDERAL POLICY CONCERNS

This analysis of the factors underlying serious SEA commitment to promoting local educational quality and the sources of variation in SEA activities has a number of Federal policy implications. It also raises some central questions about the effect of 1981's Education Consolidation and Improvement Act (ECIA) Chapter 2, on SEA practices.

First, it suggests that the effects of Federal policies aimed at fostering a more effective or a stonger SEA role are critically constrained by factors in the broader SEA political environment. Federal dollars cannot support the development of a strong SEA if the general government, in particular the State legislature, does not support a stong SEA role. In such cases, it is expected that Federal discretionary funds will be used in effect to supplant State support for existing SEA functions.

Second, this analysis demonstrates the balance between SEA activities and the informal limits on SEA action established by popular beliefs about appropriate general government activities and local autonomy. Federal policies which unilaterally impose a specified SEA management model—viz. substantial regulation and oversight—will almost certainly be implemented unevenly because of inevitable conflict with some State education management principles. In this respect, ECIA may promote more effective SEA management of Federal funds since it provides latitude for varying SEA management preferences. Similarly, the removal of categorical boundaries may enable active SEAs to mobilize SEA resources around a common, State-specified mission. Documentation of variation in SEA response to this increased SEA discretion can inform future Federal policy choices about the nature and scope of the Federal regulatory role.

Finally, ECIA's new flexibility also carries with it a reduction in SEA discretion which may critically diminish SEA effectiveness, especially in States where an active SEA role has not yet been institutionalized. Although the law provides substantial SEA freedom to manage funds allocated to the State level (a maximum of 20 percent), ECIA Chapter 2 could perversely effect those SEAs which have more recently assumed an active role in promoting local eductional quality and are still in the process of developing programs and procedures. SEA ability to direct local use of these Federal funds has been critical in providing a minimum standard of assistance to all LEAs, in supporting the systematic application of resources, and in ensuring that LEAs unwilling or unable to compete for Federal funds have been exposed to promising planning and curriculum practices. Current legislation removes this SEA discretion. Instead, LEAs apparently have complete autonomy in allocating their Chapter 2 funds.

This and other research suggests that the desirability of an active State role is an important component in fostering local educational quality in the economic climate of the 1980s. As the active and moderately active SEAs in the sample attest, direct State activity aimed at local quality improvement provides economies in the use of scarce resources (a benefit to all LEAs) but also can raise the quality of educational practice through the specification of clear goals and the systematic application of resources. The promising activities of these SEAs, particularly those whose transformation from a passive to an active policy system role is relatively recent, appear to be jeopardized by ECIA Chapter 2, however. It will be important for planners and policy makers to understand the effects of the new Federal provisions on such SEAs.

SCHOOL FINANCE REFORM: REDISTRIBUTIVE EDUCATION POLICY AT THE STATE LEVEL

Allan Odden

The Education Consolidation and Improvement Act (ECIA) of 1981 marks a fundamental change in the direction of Federal education policy. While rejecting the Reagan Administration's proposal of even more far-reaching program consolidation, Congress consolidated under ECIA numerous small categorical programs into a single block grant and made significant cuts in Federal aid to States and school districts. The resulting structure represents a much more streamlined Federal role in education and, to some, a lessening of the Federal commitment to equal educational opportunity. Questions therefore arise about the ability of States and local school systems to assume the responsibilities that a changed Federal role in education requires.

It is the contention of this paper that States have played at least as important a role as the Federal Government in setting educational policy and in responding to the special educational needs of children. Drawing on the experience with school finance reform in the 1970s, the paper argues that redistributive policies have been and will continue to be of great importance at the State level. It must be recognized, however, that strategies to achieve redistributive objectives are different at the State and Federal levels and that successful State-level strategies are more diverse and costly to implement than strategies that succeed at the Federal level. Moreover, the programs developed by 50 different States are likely to show signifi-

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cant variation in purpose, structure, and funding levels than a single national program, but these differences are an inherent part of a Federal system of government.

SCHOOL FINANCE REFORM AS REDISTRIBUTIVE POLITICS AT THE STATE LEVEL

Public education services are financed by various levels of government. The States, however, are the preeminent providers of education services. Local school districts and States in combination provide about 92 percent of the revenues for elementary and secondary education, while the Federal Government provides only about 8 percent. Moreover, during the 1970s, the rate of growth in State spending has greatly exceeded Federal growth rates—190 to 144 percent over the ten-year period.

In large part because of the proliferation of school finance reforms, the State role in education has become increasingly oriented to resource redistribution. The reforms of the 1970s were targeted primarily on reducing or eliminating the link between the property wealth of a school district and the level of educational expenditure. But as this basic issue of school finance equity was addressed, other related issues were developed.

1) Income also became a factor recognized as creating expenditure disparities. Some States added income factors to their equalization formulas.
2) The issue of relating expenditures to student need became intertwined with State school finance court cases and school finance policies generally.
3) Price variations, rural isolation costs, municipal overburden and other unique district characteristics entered into the State school finance reform agenda.

School Finance Reform in the 1970s

Prodded by the courts, as well as by new political leaders, twenty-eight of the fifty States passed school finance reform laws in the last decade. Three types of formulas have been used in the effort to enhance the equalization goal of diminishing the link between expenditure levels and both property wealth and household income.

1) Some States enacted a *higher level foundation* program in which the State guaranteed a certain expenditure level per pupil from combined State

and local revenues. Arizona, California, Florida, Indiana, Iowa, Maryland, Massachusetts, Minnesota, Montana, New Mexico, North Dakota, Oklahoma, South Carolina, Tennessee and Washington took this approach in their reforms. States such as Alaska, Delaware, Hawaii, Nevada, North Carolina, and Oklahoma are nonreform States that also have adopted high foundation programs and exhibit a State fiscal role exceeding fifty percent.

2) The second type of school finance formula passed by reform States such as Colorado, Connecticut, Illinois, Kansas, Michigan, New Jersey, Ohio, and Wisconsin was designed to reward equal local effort with equal per pupil revenues from State and local sources. The ***guaranteed tax base, power equalization, guaranteed yield, resource equalizer or percentage equalizing*** programs are mechanisms to allocate State aid to local school districts in response to levels of expenditures selected by the local district.

3) The third type of reform can be described as a ***two-tiered equalization*** plan that guarantees similar revenues per pupil for similar tax rates on expenditures that are above the foundation level. California (in 1976, prior to Proposition 13), Florida, Maine, Minnesota, Missouri, Montana, Texas, and Utah enacted such reforms. This structure reflects a political culture that balances State involvement with local control.

While the basic goal of the finance structure changes in all States was to diminish the link between expenditure levels and both property wealth and household income, the approaches selected represent a variety of strategies. Those States selecting a higher level foundation program adopted the philosophy that the State should insure a minimum adequate education program across all districts, but that districts should be free to spend above that level with funds raised entirely from local sources. States selecting the two-tiered equalization plans (combined foundation and guaranteed tax base approach) adopted essentially the same philosophy, but in addition made the ability to spend above the foundation level equally available to all districts regardless of local wealth. Those States selecting the guaranteed tax approach reflect the philosophy that the State insures equal access to raising education revenues but that decisions on actual spending levels should be made locally. Thus, while the underlying rationale for all programs is to insure a greater State role in offsetting the disadvantage of the property or income poor district, the philosophy reflected by the different approaches is quite different and has different results.

The school finance reforms of the 1970s represent more than the typical policy reform movements. A number of States enacted dramatic changes replacing old structures with fundamentally new and different structures. Other States strengthened existing structures; many of these States added guaranteed tax base programs on top of old foundation programs. Furthermore, a few States enacted recapture clauses that directly took revenues from the wealthiest school districts and redistributed them to the poorer districts. The basic, fundamental, structural changes were enacted with the objective being to strengthen and enhance the redistributive impact of State school finance equalization policies.

Tables 1 and 2 show that most of the school finance reforms were backed by State-level fiscal commitment as well. Significant increases over historic levels of increases are exhibited in post-reform States. Although reforms were fully funded in few States, the State share of funds role nevertheless increased in most States. In other words, school finance reform brought forth increased State support for public schools both on an absolute and percentage basis. It should be noted, however, that some States not included in the "reform" category also substantially increased the State financial role.

The Impacts of Reform

Whether the impact of reforms has been to enhance the redistributive nature of school financing structures is an empirical question that focuses on two issues: reducing expenditure per pupil disparities and breaking the link between per pupil property wealth and expenditures. While the reform impacts have not been analyzed in depth in all States, the empirical results of the several studies that have been conducted are consistent and document the effectiveness of State school finance reforms along these two lines (Brown et al., 1978; Carroll, 1979; Odden, Berne and Stiefel, 1979; Hickrod et. al., 1980). Furthermore, studies that have looked more descriptively at whether school finance reforms have increased State aid to low wealth/income districts have also reached positive conclusions (Callahan and Wilken, 1976; Adams and Odden, 1980).

It should be noted that these direct findings on the impacts of reform have longer term, indirect results in their redistributive impacts. Through land value capitalization, lower taxes and increased education spending, the value of the property wealth in low-wealth school districts will increase over time. Although this issue has received only recent attention in school finance reform circles (Wendling, 1980; Gurwitz, 1980; Newachek, 1979), this longer term and more indirect effect of school finance reform should not go unnoticed as it will further solidify the redistributive impact of strengthened school finance reform policies.

As a final comment, many nonreform States have attained the level of equity of the reform States without a major reform. Alabama, Louisiana, North Carolina and Oregon are all nonreform States that rank high on many equity measures (Odden and Augenblick, 1981). While the future issues for these States may be the adequacy of education revenues and enhancing programs for special populations, figures indicate that even ''nonreform'' States have attained a high level of redistribution of education revenues to poor school districts.

POLITICAL ISSUES SURROUNDING SCHOOL FINANCE REFORM

Thus far, it is shown that: 1) the States are the principal financial partner in financing public education in the United States; 2) the basic education finance issue is fundamentally a redistributive issue with respect to wealth, income and student need; 3) more than half of the States have enacted reform policies during the past decade designed to enhance the redistributive impact of education finance structures; 4) analyses of the impacts of the reforms have shown that the reformed structures are more redistributive than the structures prior to the reform, and 5) even many nonreform States have attained the level of redistributive equity of reform States.

This section outlines some of the political elements that surrounded school finance reform efforts of the 1970s. The discussion examines the role of 1) the courts, 2) general government actors, and 3) the development of State-based efforts in reforming State school finance systems. It is intended to illuminate the political potential that exists in the States to enhance the status of poor and disadvantaged students.

Role of the Courts

The courts played an important role in stimulating legislative actions in the school finance reforms of the 1970s. The basic issue was the relationship between expenditure disparities and local wealth. The relationship was first found to be unconstitutional in the *Serrano* case brought before the California State Supreme Court in 1971. However, in 1973 the

Table 1

State Revenues for Public Schools, 1970-71 to 1980-81
(in millions)

	Year of Reform	1970-71	1971-72	1972-73	1973-74	1974-75	1975-76	1976-77	1977-78	1978-79	1979-80	1980-81
Alabama	X	$280	$304	$320	$409	$420	$548	$567	$644	$720	$789	$845
Alaska	X	94	102	105	106	130	170	205	221	258	301	325
Arizona	74,80	176	187	198	217	289	354	380	415	435	461	499
Arkansas	X	115	133	140	175	207	249	261	298	326	392	425
California	73,77	1,472	2,057	2,093	2,784	2,633	2,699	3,163	3,429	5,586	6,625	7,750
Colorado	73	152	155	179	294	333	350	380	410	480	556	686
Connecticut	75,79	203	195	227	240	273	364	371	352	407	453	525
Delaware	X	109	115	130	136	145	156	160	171	181	197	210
Florida	73	694	715	806	904	1,099	1,049	1,123	1,300	1,666	1,800	2,080
Georgia	X	367	390	443	514	596	700	643	720	825	1,103	1,130
Hawaii	X	184	195	210	213	212	233	242	234	262	333	370
Idaho	X	54	58	61	74	95	114	125	130	146	201	235
Illinois	73	967	1,029	1,170	1,351	1,631	1,980	2,001	1,911	2,013	2,080	2,262
Indiana	75	372	388	390	456	523	643	866	905	1,070	1,166	1,322
Iowa	71	184	212	247	280	335	416	441	456	493	562	619
Kansas	73	140	134	161	209	220	277	307	364	379	430	504
Kentucky	X	265	283	314	332	271	436	505	632	776	849	935
Louisiana	X	400	429	447	466	520	525	671	715	750	795	851
Maine	73	61	70	75	80	123	135	158	168	197	213	233
Maryland	73	339	313	444	488	723	701	566	748	771	801	864

	Year of Reform	1970-71	1971-72	1972-73	1973-74	1974-75	1975-76	1976-77	1977-78	1978-79	1979-80	1980-81
Massachusetts	79	300	281	335	358	464	465	815	840	997	1,079	1,263
Michigan	73	909	1,065	1,156	1,270	1,350	1,103	1,259	1,743	1,700	2,099	1,750
Minnesota	71	642	990	726	750	780	780	1,002	1,016	1,146	1,210	1,234
Mississippi	X	170	184	198	231	242	289	299	334	376	414	456
Missouri	77	252	324	360	385	415	439	465	919	569	644	678
Montana	73	55	32	61	69	71	145	155	166	177	187	198
Nebraska	X	44	44	47	67	162	97	103	99	99	110	158
Nevada	X	42	53	51	58	59	73	79	87	90	160	154
New Hampshire	X	13	10	12	13	13	20	22	23	25	23	25
New Jersey	76	662	495	577	673	798	798	1,129	1,252	1,370	1,497	1,631
New Mexico	73	137	145	163	179	204	221	260	313	350	397	453
New York	X	2,391	2,394	2,455	2,555	2,923	3,060	3,094	3,153	3,352	3,600	3,955
North Carolina	X	566	631	687	857	1,021	1,036	1,097	1,160	1,303	1,286	1,465
North Dakota	73	54	59	59	66	68	85	97	99	104	115	115
Ohio	75	554	670	701	844	1,095	1,282	1,311	1,387	1,579	1,611	1,711
Oklahoma	81	172	198	222	269	313	360	446	510	580	704	829
Oregon	X	96	102	111	144	180	211	232	283	315	450	480
Pennsylvania	X	1,301	1,317	1,534	1,597	1,819	1,920	1,952	2,120	2,195	2,305	2,511
Rhode Island	X	59	68	76	84	93	106	115	124	130	144	159
South Carolina	79	256	280	297	337	386	419	449	498	534	619	711
South Dakota	X	18	22	20	21	23	24	28	31	39	54	77
Tennessee	77	270	298	310	335	408	456	504	970	547	691	769
Texas	75, 77	1,077	1,089	1,164	1,260	1,500	1,870	1,918	2,068	2,400	2,900	3,246
Utah	73	120	130	141	187	187	211	235	272	300	300	304
Vermont	X	60	45	45	45	49	45	45	51	52	58	59
Virginia	74	317	341	370	375	414	426	540	652	821	863	954
Washington	77	410	417	451	457	565	782	821	819	942	1,277	1,407
West Virginia	X	159	176	190	207	235	261	341	371	400	440	499
Wisconsin	73	303	325	360	400	527	552	595	640	716	805	844
Wyoming	X	27	33	33	35	39	51	53	61	70	75	79

Source: National Education Association. *Estimates of School Statistics, 1970-71 to 1980-81.* Washington, D.C.: NEA. Revised estimates for 1970-71 to 1979-80. Estimates for 1980-81.

Table 2

State Aid as a Percent of All Revenues, 1970-71 to 1980-81

	Year of Reform	1970-71	1971-72	1972-73	1973-74	1974-75	1975-76	1976-77	1977-78	1978-79	1979-80	1980-81
Alabama	X	60.9	62.4	64.0	63.0	59.5	63.6	62.7	66.2	64.5	69.0	70.1
Alaska	X	71.5	74.1	67.8	62.8	65.4	66.0	66.9	67.3	66.9	16.9	17.3
Arizona	74,80	43.4	40.1	41.6	50.6	49.7	45.7	45.7	42.6	43.2	41.6	40.6
Arkansas	X	44.2	46.1	48.0	47.5	48.9	51.4	50.4	51.3	52.0	53.0	54.0
California	73,77	35.2	36.7	34.0	40.9	40.2	35.3	37.1	40.9	58.1	71.2	75.4
Colorado	73	20.4	27.5	26.9	37.2	41.0	39.8	39.2	40.0	38.1	41.0	41.0
Connecticut	75,79	23.3	22.4	25.3	23.0	25.2	31.0	30.7	29.9	27.1	31.5	34.4
Delaware	X	70.8	69.6	69.6	69.0	68.5	68.6	68.8	64.5	66.0	64.7	66.6
Florida	73	55.0	52.9	55.3	57.1	58.0	51.9	52.5	56.1	54.9	55.2	58.0
Georgia	X	54.7	51.8	53.0	54.5	55.3	58.2	52.9	51.7	51.6	57.6	55.3
Hawaii	X	89.4	88.7	88.5	88.8	85.1	85.1	82.4	79.7	78.5	2.4	2.6
Idaho	X	39.3	39.4	39.4	43.3	47.9	49.0	47.6	46.9	45.3	55.0	61.5
Illinois	73	34.0	37.8	36.9	41.6	42.3	48.4	47.4	41.2	40.2	41.2	40.0
Indiana	73	31.5	31.5	31.5	38.4	36.3	39.2	50.2	54.3	51.7	56.1	59.7
Iowa	71	27.9	31.3	34.6	39.0	42.9	40.3	39.4	40.1	39.9	42.2	43.1
Kansas	73	20.9	27.4	27.4	40.7	40.4	43.2	40.9	43.6	45.4	43.3	45.6
Kentucky	X	53.7	53.5	53.3	54.2	53.7	56.6	58.4	70.0	69.0	69.7	70.5
Louisiana	X	56.2	56.0	56.0	52.8	55.8	55.7	57.7	56.0	57.3	54.4	55.2
Maine	73	31.9	33.4	34.5	39.0	46.2	45.5	48.1	48.1	48.7	48.9	48.8
Maryland	73	35.3	43.3	47.8	47.1	45.1	42.7	38.7	40.5	40.9	40.2	39.7

	Year of Reform	1970-71	1971-72	1972-73	1973-74	1974-75	1975-76	1976-77	1977-78	1978-79	1979-80	1980-81
Massachusetts	79	23.0	23.2	24.2	24.2	25.2	23.5	34.9	35.1	34.1	36.3	38.7
Michigan	73	41.3	44.5	47.6	50.0	51.3	46.2	35.6	40.0	45.0	42.7	35.8
Minnesota	73	46.0	48.4	58.0	58.1	58.2	54.7	59.2	56.3	55.0	56.6	54.7
Mississippi	X	47.6	48.2	49.0	52.5	51.9	54.4	53.6	53.1	52.9	53.1	53.1
Missouri	77	31.2	33.7	35.1	35.2	35.0	35.1	35.7	39.6	35.5	36.7	38.9
Montana	73	24.0	23.9	25.2	40.0	39.7	37.6	31.5	31.5	31.3	49.3	48.5
Nebraska	X	18.9	17.8	15.6	20.4	25.7	22.7	22.0	16.5	17.5	18.2	24.4
Nevada	X	37.5	39.4	37.8	37.4	36.2	38.8	37.4	34.0	37.0	38.5	51.7
New Hampshire	X	9.9	6.5	7.6	7.6	7.2	9.4	8.6	9.4	9.1	6.8	6.7
New Jersey	76	26.1	25.4	26.2	28.7	31.4	29.2	38.2	40.6	39.4	40.4	39.6
New Mexico	73	61.5	60.0	60.0	68.9	61.7	59.6	64.1	64.5	67.5	63.4	67.7
New York	X	47.9	42.5	40.6	38.9	40.0	39.6	39.0	39.8	38.4	40.6	42.0
North Carolina	X	66.2	62.6	64.1	65.5	66.9	65.6	65.3	64.5	66.2	62.4	65.4
North Dakota	73	28.2	29.4	28.8	43.0	41.6	45.3	47.9	46.1	44.9	46.5	45.4
Ohio	75	27.9	30.5	33.3	32.6	37.5	39.7	40.8	41.1	40.8	40.6	40.6
Oklahoma	81	41.1	44.5	42.9	47.7	48.1	51.1	53.7	55.5	55.1	57.7	59.5
Oregon	X	19.6	19.9	20.3	23.0	25.5	27.1	28.8	27.9	29.5	35.5	38.0
Pennsylvania	X	45.7	47.0	50.6	48.5	48.6	47.0	44.6	45.3	44.0	45.0	45.0
Rhode Island	X	34.4	35.3	35.8	36.2	38.3	35.9	40.4	39.0	41.5	38.8	38.7
South Carolina	79	56.3	55.0	55.7	57.5	58.3	55.6	54.5	54.4	53.2	56.0	58.8
South Dakota	X	14.3	15.1	13.5	13.0	13.1	13.2	10.3	16.1	14.3	20.8	27.0
Tennessee	77	44.5	44.4	45.1	45.1	52.9	48.3	48.5	44.8	49.1	48.1	48.3
Texas	75, 77	47.9	47.0	46.9	47.4	45.8	50.6	47.1	48.3	50.4	50.1	55.7
Utah	73	52.5	52.1	53.1	56.8	55.2	53.5	52.8	52.9	53.0	54.0	53.9
Vermont	X	32.8	33.0	33.0	33.0	31.3	29.2	26.9	27.1	27.0	28.0	27.0
Virginia	74	33.8	33.8	34.5	32.8	32.5	30.5	32.8	42.4	38.4	40.3	40.3
Washington	77	50.7	49.0	47.2	45.0	51.5	65.2	63.6	61.3	59.2	75.8	74.0
West Virginia	X	49.4	54.9	58.8	55.7	55.0	58.5	61.9	60.0	61.2	66.1	61.2
Wisconsin	73	30.6	30.4	30.6	37.6	37.0	35.5	35.4	38.2	38.9	37.6	38.0
Wyoming	X	32.9	33.8	33.8	33.1	32.9	33.6	30.7	30.1	29.7	29.6	28.6

Source: National Education Association. *Estimates of School Statistics, 1970-71 to 1980-81.* Washington, D.C.: NEA. Revised estimates for 1970-71 to 1979-80. Estimates for 1980-81.

United States Supreme Court ruled against the plaintiffs in *Rodriquez* and struck down their claim to rights protected under the United States Constitution's Fourteenth Amendment. Since *Rodriquez* all school finance court action has been in State courts and based on the State equal protection and education clauses. And there has been considerable activity in the courts. Indeed, the advent of school finance litigation has turned the redistributive nature of the basic school finance problem into a constitutional issue.

Yet, there has been great diversity in litigative actions and final State court decisions rendered. Table 3 shows the States that experienced legal challenges and the often lengthy process of pursuing a case through the legal system. A court challenge does not necessarily mean court ordered reform of school finance structures must take place, however. In fact, some State courts found school finance systems to be inequitable but not unconstitutional.

While litigation strategies have not been successful in every State, they have had two important impacts. First, a court challenge or the threat of court action has been a factor in solidifying State school finance inequities as major issues on the State policy agenda. Second, as litigation developed, the range of redistributive issues came to include not only wealth and income but also student need. A number of recent cases include the argument that spending differences have to be related to student need differences. In addition, other court cases brought for handicapped and bilingual students successfully have used State constitutional requirements in challenging fiscal and program inequities.

While it undoubtedly is more difficult and more expensive to challenge inequities on a State by State basis, the experience of school finance has shown that this litigation strategy is possible and can be successful. Since the basic issues litigated are redistributive in nature and since the new directions of education litigation have expanded rather than contracted, State court involvement in education policy is unlikely to diminish in the foreseeable future.

Role of State Political Leaders

A summary of eight case studies of the politics of State school finance reforms conducted by Fuhrman et. al., (1979) identified five general ingredients related to the successful politics of school finance reform:

1) *Key State political leaders*—governors and legislators—working through gubernatorial or legislative commissions which included all in-

terests and worked out major compromises in advance of legislative action.

2) The *availability of a State fiscal surplus* allowed State legislatures to enact school finance reform by including funding for smaller programs backed by the legislative votes needed for passage.

3) *Court pressure* which included both direct litigation as well as the concern that a court suit would be filed. Key political leaders in all States were aware of litigation across the country, even if a suit had not been filed in their State.

4) Involvement of a *national policy diffusion network* of individuals and institutions committed to improving the equity of school finance structures.

5) *Perseverance*, since reform takes many years to become fully implemented. Successful reform usually followed years of prior effort and study, years during which key political leaders, staff and citizens acquired the skills and expertise necessary to carry the reform legislation through the legislature and into the implementation process.

Most, but not all, of these elements were present in the reform States. What is surprising is that neither educators nor education interest groups played a key role in school finance reform politics. Rather, general government actors—governors and legislators—were the key leaders in the 1970s State school finance reforms.

The involvement of a number of governors and State legislators with strong interests in education was enhanced as the link between school finance reform and broader political issues was established. Education policy—a narrow issue—became linked to tax relief and reform—broader issues—which attracted the involvement of general government actors. Such is the case in Minnesota, Wisconsin, Iowa, Arizona, Colorado, and New Jersey where the political leaders put the tax issue on the forefront and school finance reform became one implementing mechanism for tax policy changes.

A new general issue is a driving force behind the involvement of government leaders in education in the 1980s. Some governors have linked improved education in their States to a broader political issue—their State's economic development. In North Carolina, emphasis on the State's economic well-being has resulted in a series of far reaching programs aimed at improving educational quality and equity. In other States governors have identified education as the link between a quality education system, economic development, and attraction of high technology industries to the State.

Table 3

The Role of the Courts in School Finance Policy Reforms

	No School Finance Court Case	Date Case Filed	No Trial Case Pending	Tried and Decision Rendered			
				System Overturned		System Upheld	
				Lower Court	Highest Court	Lower Court	Higher Court
Alabama	X						
Alaska	X[1]						
Arizona*		1971		1972			1973
Arkansas		1977		1981	No appeal planned		
California*		1968		1974	1976		
Colorado*		1977		1979			1982
Connecticut*		1973		1974	1977		
Delaware	X						
Florida*	X[1]						
Georgia		1974		1981			1981
Hawaii	X						
Idaho		1972		1973			1975

Illinois*	X[1]						
Indiana*	X						
Iowa*	X						
Kansas*	X[1]						
Kentucky	X						
Louisiana	X[1]						
Maine*	X[1]						
Maryland*		1979		1981	On appeal		
Massachusetts		1978	X				
Michigan*		1971		1972	Vacated because of 1973 reform		
Minnesota*		1970		1971 Fed. Court			
Mississippi	X						
Missouri*	X[2]						
Montana*	X[1]						
Nebraska	X						

* School finance reform states.

1. Court case on a specific aspect of the school finance system.
2. Court case filed and voluntarily dismissed.

	No School Finance Court Case	Date Case Filed	No Trial Case Pending	Tried and Decision Rendered			
				System Overturned		System Upheld	
				Lower Court	Highest Court	Lower Court	Higher Court
Nevada	X						
New Hampshire		1982	X				
New Jersey*		1970		1972	1973		
New Mexico*	X						
New York		1974		1978			1982
North Carolina	X						
North Dakota*	X						
Ohio*		1976		1977			1979
Oklahoma*		1980	X				
Oregon		1972				1975	1976
Pennsylvania	X[1]						
Rhode Island	X						
South Carolina*	X						
South Dakota		1977	X				
Tennessee*	X						

Texas*		1970		1971 Fed. Court			1973 US Sup. Ct.
Utah*	X						
Vermont	X						
Virginia*	X						
Washington*		1972 1976		1977	1978		1974
West Virginia		1975		1981	1982		
Wisconsin*		1979	X				
Wyoming		1978			1980		

* School finance reform states.

1. Court case on a specific aspect of the school finance system.

2. Court case filed and voluntarily dismissed.

School Finance Reform Strategy

In addition to the courts and the involvement of the top State general government actors, a loosely organized strategy emerged from a coalition of political leaders, school finance experts, foundation support, and Federal and State level education and political organizations. First, the school finance reform movement was conceptualized as a State based effort—a State issue to be focused at the State level. The movement was reform oriented with the objective being to change the system. There was a conscious attempt to target activities toward State political leaders and to link school finance to the broader issues of State-local tax policy. There also was the pressure of litigation in State courts which was a crucial element in the resurgence of State educational policymaking in general and school finance reform in particular.

A multidisciplinary approach to the analysis of issues drew new school finance policy analysts from a variety of social science backgrounds. Economists developed price indices to quantify variations in education costs, public finance experts identified links between school finance and tax policies, computer experts created school finance simulations which made everyone an expert on the impact of each formulaic change, and political scientists set the politics of education within the larger context of the State policymaking process. While each of these contributions was not pivotal individually, taken as a whole they helped the issue of school finance develop as an important State policy issue.

There also was conscious strategy to *develop a policy diffusion network* and in the latter half of the 1970s to institutionalize it in organizations designed to serve State leaders. The Finance and Law Centers at ECS, the Education Program at the National Conference of State Legislators, and the key roles played by school finance reformers in other State-based organizations are some examples. Ph.D. graduates from a number of university programs across the country who now have high level jobs in State education departments and legislative research staffs are another example. And the incursion of school finance reformers into Federal agencies and departments is a further example of this strategy to institutionalize efforts to enhance school finance equity. There has not been a similar success in developing networks and State-based institutional capabilities for other education issues, including specific networks for the variety of special student population groups.

CONCLUSIONS AND SUGGESTIONS

The objective of this paper has been to show, through the example of the school finance reform movement, that there is great potential for building State-based strategies for the development and strengthening of redistributive education policies without a prod from the strong arm of the Federal Government. Although nearly one-third of the States have not had much success, the school finance movement demonstrates the potential of State-based strategies.

- State rather than, or at least in addition to, Federal courts can be used to give constitutional imperative to education equity issues. And as the school finance litigation shows, what begins as a simple issue can evolve into a complex and comprehensive issue in a short time period.
- State political leaders can and will become involved in education equity issues. Some simply are education oriented; others link education to broader, more salient State problems. But State political will can be tapped and, indeed, can be created.

Significant progress can be made working through and with States. Indeed, other than being dampened by the economic malaise that affects the entire country, the school finance reform movement has remained relatively unaffected by the Reagan Administration budget cuts and retrenchment in Federal education policy. If programs for special populations also had the undergirding of a State-based political support mechanism, they would be much less affected than they are now, since their mainstay has been Federal law. School finance reform can be used as a guidepost for the development of a set of political strategies on a State by State basis both to strengthen the political infrastructure of support for redistributive education programs, including those for special populations, and to lessen the nationwide impact of a change either at the Federal level or in some States.

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STATE INITIATIVES FOR SPECIAL NEEDS STUDENTS

Harold R. Winslow
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Over the past decade, there has been a notable increase in State support for educational programs serving special needs populations. These programs have been created for a wide variety of reasons, including a general societal recognition of the specialized needs of particular groups, State-level experiences with the management of similar Federally supported programs, and an array of State-level political, fiscal and social factors. This paper summarizes our recent review of State efforts on behalf of special needs populations, focusing on their size, structure, and diversity (Winslow and Peterson, 1981).

Surveys of State laws and programs use various definitions of terms to capture the purposes and scope of particular efforts. Terms such as "compensatory education," "categorical programs," and "target students" can be defined in restrictive or expansive ways. The choices that are made affect the amount and kind of information selected for presentation and hence any conclusions drawn about State practices. Our aim was to document the range and diversity of State programs and legal provisions pertaining to services for special needs groups. Thus, we adopted expansive definitions for two key terms: special needs populations and State-level initiatives.

"Special needs populations" includes students generally recognized as needing special treatment or services to ensure that their educational program is appropriate. Although the list of special needs populations is potentially very long, we have limited this paper to three groups: (1) students

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commonly referred to as educationally disadvantaged and characterized by the low-income level of their families, low achievement in school, or both; (2) limited English proficient (LEP) students who because of an inadequate mastery of English may have difficulty progressing through the educational system (Some problems exist with LEP definitions, since bilingual/bicultural programs may also serve students who are fluent and proficient in two languages but are receiving instruction in their native history and culture. Recognizing this exception, we have chosen the term limited English proficiency, since it more directly reflects the characteristics of special needs.); and (3) handicapped children, characterized by physical or mental disabilities that may affect their ability to progress satisfactorily through school.

The term "State initiatives" is used to encompass statutes, regulations, guidelines, policies, and fiscal appropriations created at the State level with reference to the specified populations. Omitted from this definition are Federal programs administered by State or local education agencies (LEAs) even where program design and scope are left to the discretion of State and local officials. Using this definition of State initiatives, a program of remedial assistance to students failing a minimum competency examination, for example, is included in the list of initiatives supporting services to disadvantaged children. We include this type of program since funds are targeted to a proxy for low achievement (i.e., failure on the minimum competency test). Similarly, a State compensatory program's set-aside for LEP students is included in the list of LEP programs. Because our definitions are broad, the numbers of States we report for the three types of initiatives may exceed those reported in prior surveys.

Limitations of the Data

There are several important limitations to the data we wish to call to the reader's attention to guard against misinterpretations and unwarranted conclusions. First, our information was drawn from a variety of sources, ranging from existing surveys to conversations with selected State officials. While we attempted to be comprehensive, the amount and recency of information is not precisely comparable across States and program areas. Second, our reliance on second- and third-hand information means that we do not know how these programs actually operate in LEAs and schools. Finally, State initiatives for special needs groups are in a nearly constant state of flux. We discovered that major changes have recently occurred, to are planned for the near future, as a number of the programs we identified. Some are being merged into consolidations, others are being abolished, still others are just getting started. We have tried to compensate for the data's limitations by exercising informed judgment about what is and is not included, by combining several sources of information and supplementing published sources with selected telephone calls.

FUNDING APPROACHES FOR STATE SPECIAL NEEDS PROGRAMS

The 50 States have developed a variety of formulas and mechanisms for financing services to special needs populations. Although the details of each formula are unique, some general similarities can be identified. Various schemes for classifying funding mechanisms on the basis of similarities have been proposed (Thomas, 1973; Kakalik, 1977; Hartman, 1980). The classifications used here have been derived from a three-category scheme that was described by Kakalik (1977) in the context of special education and extended, with some modifications, by McGuire (1981) to the broader context of the three special needs groups considered here. In this scheme, funding mechanisms are classified on the basis of the primary factor used to allocate funds—resources, students, or costs. In order to represent the diversity encountered across States and programs, we have found it helpful to add a fourth category—the project grant.

The four primary types of funding mechanisms used by States to finance services to special needs populations are:

- Resource based approaches. Allocations are calculated on the basis of number of classrooms, teachers, and/or other resources used in local programs. Regulations pertain to allowable costs for various resources and to the level of resources used per student served.
- Student based approaches. Allocations are determined on the basis of number of children served. Regulations pertain to the cost and use of various resources.
- Cost based approaches. Allocations are based on program costs. Regulations pertain to the number of children served and the use of resources.
- Project grants. Rather than applying a standardized formula to all districts and local programs, States award an aggregate dollar amount

> to an approved program. Awards are often made on the basis of grants competitions, with local school systems required to submit descriptions of the services to be provided and detailed budgets of anticipated costs.

This categorization scheme is useful in clarifying some fundamental distinctions among the various mechanisms and in illuminating, at least partially, the extent to which variation occurs both across States and across populations. As subsequent sections of this paper will demonstrate, considerable variability can be found within each category.

Table 1 summarizes basic information on State initiatives for special needs populations. Based on information available for the [illegible] school year, this table indicates the type of funding approach used, the amount of State funding provided, and the number of students served for each of the three student populations. Using the definition of State initiative presented above, our research identified [illegible] States supporting services to disadvantaged students and [illegible] States supporting services to students with limited English proficiency. (The two groups overlap substantially, with [illegible] States supporting services to both target populations.) All [illegible] States provide financial support for special education and related services for handicapped children.

Funding approaches vary across target populations and States. In compensatory education, student-based funding mechanisms clearly predominate. Funding approaches for the limited English proficient and special education target groups, on the other hand, reflect marked diversity across States. Even within a given State, different mechanisms frequently are used for the separate target groups. Of the [illegible] States that fund services to all three groups, only five (California, Hawaii, Massachusetts, New Jersey, and Utah) use one approach exclusively. Of [illegible] States funding services for two groups (handicapped plus disadvantaged or bilingual), only four use the same general approach to finance both.

State initiatives and funding structures for special needs populations are influenced by a number of factors at the State and Federal levels. Among the State-level factors we consider important are size, wealth, political climate, structures used to provide basic State financial support to local school systems, and relative prominence of the State contribution to the total funds available for public schools. Prominent among influences from the Federal level are programs and funding mechanisms which have set important precedents for channeling substantial assistance to the same

Table 1

State Initiatives for Disadvantaged, Limited English Proficient, and Handicapped Students as of 1979—80: Funding Approach, Funds, and Students Served

	Disadvantaged			Limited English Proficient			Handicapped		
State	Funding Approach	Funding, 1979-80 ($mil.)	Students Served	Funding Approach	Funding, 1979-80 ($mil.)	Students Served	Funding Approach	Funding, 1979-80 ($mil.)	Students Served
Alabama	—	—	—	—	—	—	R	75.3	69,749
Alaska	—	—	—	R/S	5.8	8,750	R	22.0	9,341
Arizona	—	—	—	S	1.0	20,000	C	27.0	45,438
Arkansas	—	—	—	—	—	—	C	23.8	40,345
California	S	159.0[1]	N/A	S[2]	14.8 est	N/A	S/R	416.1	334,887
Colorado	—	—	—	C	1.8	17,132	C	37.4	46,676
Connecticut	S	7.0[1]	14,000 est	S	1.4	11,642	C	56.4	61,339
Delaware	—	—	—	—	—	—	R	21.7	13,679
Florida	S	28.5	N/A	—[3]	—	—	S	223.4	128,463
Georgia	S	12.7	158,000	—	—	—	R	70.6	97,928
Hawaii	S	2.0	7,438	S	1.6	4,000	S	18.2	11,002
Idaho	—	—	—	—	—	—	R/S	22.0	18,639
Illinois	S	200.0	175,000	C	14.6	34,139	R/C	206.1	247,483
Indiana	S	N/A	N/A	PG	N/A	N/A	S	42.4	96,836
Iowa	—	—	—	—[4]	—	—	S	89.2	56,683
Kansas	—	—	—	S	0.3	N/A	R	26.0	37,088

Kentucky	—	—	—	—[3]	—	—	R	63.2	62,975
Louisiana	—	—	—	R	1.2	60,000	R	95.0	93,369
Maine	—	—	—	—[3]	—	—	C	14.2	24,283
Maryland	S	3.7[1]	16,000 est	S	—	—	C	69.8	88,571
Massachusetts	S	N/A	N/A	S	19.3	15,500	S	N/A	140,576
Michigan	S	32.9	131,734	S	4.0	16,590	C	106.0	156,279
Minnesota	S	N/A	N/A	PG	0.4	700	R	78.0	78,998
Mississippi	—	—	—	—	—	—	R	48.6	39,240
Missouri	S	N/A	N/A	—	—	—	R/S	38.9	99,542
Montana	—	—	—	—	—	—	C	22.2	12,547
Nebraska	S	0.8	5,072	—	—	—	C/S	14.9	31,252
Nevada	—	—	—	—[3]	—	—	R	12.4	11,405
New Hampshire	—	—	—	—	—	—	C	5.6	10,850
New Jersey	S	68.3	340,501	S	6.6	24,000	S	177.0	151,992
New Mexico	—	—	—	S	2.9	35,502	R/S	30.2	19,239
New York	S	136.9	478,012	PG/S	10.8	N/A	S	221.7	208,906
North Carolina	S	8.0	N/A	—	—	—	R	92.1	108,197
North Dakota	—	—	—	—	—	—	C	7.6	9,660
Ohio	S	57.0[1]	625,000	S[2]	0.1	N/A	R/S	214.4	190,989

Sources: Mattingly (1979); McGuire (1979); McGuire (1981); McGuire, Augenblick, & Hammond (1980); Tron (1980); State Contacts

Legend: S—Student—based R—Resource—based C—Cost—based PG—Project grant

Notes:
1 Two funding approaches were used, one categorical and one built into the basic finance formula. Dollar and student counts are based only on the categorical program.
2 Funds for LEP programs were available as part of the funding for disadvantaged students.
3 State has express provisions of law but no funding mechanisms.
4 State initiated a bilingual funding structure classified as PG/S in 1980-81.

Table 1 (Continued)

State Initiatives for Disadvantaged, Limited English Proficient, and Handicapped Students as of 1979—80: Funding Approach, Funds, and Students Served

	Disadvantaged			Limited English Proficient			Handicapped		
State	Funding Approach	Funding, 1979-80 ($mil.)	Students Served	Funding Approach	Funding, 1979-80 ($mil.)	Students Served	Funding Approach	Funding, 1979-80 ($mil.)	Students Served
Oklahoma	—	—	—	—[3]	—	—	R	24.6	57,809
Oregon	—	—	—	PG	N/A	N/A	C	12.2	41,260
Pennsylvania	S/PG	1.0[1]	10,000	—[3]	—	—	C	252.2	186,522
Rhode Island	S	2.0	7,200 est	C	0.2	2,600	C	12.9	14,329
South Carolina	—	—	—	—	—	—	S	52.6	70,336
South Dakota	—	—	—	—	—	—	S	2.0	9,479
Tennessee	—	—	—	—	—	—	S	61.8	108,891
Texas	S	42.9	190,000 est	S	4.5	117,334	R/S	259.9	273,449
Utah	S	1.0	5,000 est	S	0.5	3,040	S	26.0	35,263
Vermont	—	—	—	—	—	—	C	10.6	12,130
Virginia	—	—	—	—	—	—	C/S	N/A	N/A
Washington	PG/S	6.7	64,901	PG[3]	2.4	N/A	C/R	52.8	51,876
West Virginia	—	—	—	—	—	—	S/R	7.5	31,293
Wisconsin	PG	1.3	2,000 est	C	1.6	2,041	C	95.3	60,483
Wyoming	—	—	—	—	—	—	R	18.9	9,542

student populations (e.g., ESEA, Title I—now ECIA Chapter 1; ESEA Title VII; P.L. 94-142). Discussion of contextual factors is well beyond the scope of this paper (although data for the indicators identified above are provided in the full study report.) (Winslow and Peterson, 1981). However, any reconsideration of the Federal role on the basis of State initiatives must be grounded in a recognition that these and other contextual factors have influenced State policies and experiences in serving these special needs groups.

STATE INITIATIVES FOR DISADVANTAGED CHILDREN

A total of 23 States provide local school systems with funds that are generated on the basis of disadvantaged children residing within the district and/or are explicitly targeted to providing services for such children (as of 1979-80). Out of these 23 States, 22 use formula grant approaches that base district allocations on counts of eligible children.

The almost universal use of student-based formulas undoubtedly reflects the influence of Federal programs of aid to the disadvantaged, especially ESEA Title I, which has used formulas based on counts of students from low-income families to allocate funds since its inception in 1965 and continues to do so as ECIA Chapter 1. Many States have adopted funding formulas similar or identical to the Title I formula. Several State-level initiatives have retained student-based approaches but have shifted from measures of income to measures of performance in school as the basis for determining LEA funding levels. This trend is particularly evident in programs of recent origin, where standardized test scores or performance on State competency tests are used to determine district-level allocations (examples are North Carolina and Georgia).

States were found to differ in the mechanism by which funds are distributed to districts. Eleven of the 23 States distribute compensatory education funds through discrete categorical or "targeted" programs. Seven States distribute funds through their basic aid or foundation formula. (States that channel supplementary funds to LEAs serving disadvantaged children through their basic support formula are often excluded from listings of compensatory education programs. However, these States fit within the definition of State initiatives for disadvantaged students used here, because the funds are generated through counts of students the State recognizes as disadvantaged.) Five States use a combination of categorical and basic support mechanisms.

Alternative conceptions and measures of disadvantage have implications for both allocation and targeting—how funds are divided up among a State's school systems and on whom they may be spent. State legislation and program guidelines have defined educational disadvantage primarily in terms of children's socioeconomic backgrounds and their achievement in school. The majority of States have taken economic factors into account, particularly in determining district allocations. Out of the 22 States with student-based formulas, 12 distribute funds to districts on the basis of income measures, six on the basis of test scores, two through a combination of income and achievement measures, and two through other measures of need. Achievement indicators are used more widely for targeting than for determining district-level allocations. State legislation or program guidelines define target groups in terms of academic performance in nine States; a variety of performance indicators are represented.

Requirements and restrictions in some State-financed compensatory education programs have been modeled fairly closely on Title I requirements (e.g., funds must be used to "supplement not supplant" the district's base program). Most of the States that attach conditions to the funds generated by disadvantaged children require that they be used for supplementary remedial instruction in basic skills areas for children identified as disadvantaged. Several require a formalized needs assessment. Details of pupil selection and coordination of Title I and State-funded compensatory education services are usually left to the districts, although most States provide some guidelines concerning coordination. Funding restrictions tend to promote use of compensatory education dollars for salaries of instructional personnel and in several instances limit or prohibit use of the funds for other purposes.

STATE INITIATIVES FOR CHILDREN WITH LIMITED ENGLISH PROFICIENCY

A total of 32 States have provisions in laws, regulations, or other sources of State law which either mandate or permit local agencies to operate programs designed to serve LEP children (as of 1979-80). This treatment of State-level legal authority has been somewhat more inclusive than approaches used in previous surveys (see, for example, Gray, Convery, & Fox, 1981). We estimate that 23 States provide funds to assist LEAs in mounting such programs. The term "programs serving limited-English proficient students" or LEP programs includes provisions requiring bilingual education, those allowing for English-as-a-Second-Language programs, and instances where funds are provided on some basis related to the LEP population whether or not specific targeting provisions exist.

Previous surveys have generally classified State laws according to four categories: mandatory, permissive, prohibitory, and silent. We began with the definitions applied to these labels by the Center for Applied Linguistics (Gray, Convery, & Fox, 1981) and revised them to read as follows:

- Prohibitory. The jurisdiction has a provision which prohibits the operation of programs for LEP children.
- No provisions. The jurisdiction has no provisions pertaining to programs for LEP children.
- Permissive. The jurisdiction has a provision which expressly or implicitly permits the operation of programs for LEP children.
- Mandatory. The jurisdiction has a provision which identifies circumstances under which a local jurisdiction must provide programs for LEP children.

Using these categorizations, we identified 13 States with legal provisions mandating services to LEP children, 19 States with provisions permitting such services, and 18 States with no legislation or other provisions that we could locate. No State was found to have explicit prohibitory provisions as of 1979-80.

State-level programs for LEP students have been strongly affected by the structure and nature of Federal requirements. Specifically, the "*Lau Remedies*" required districts with 20 or more LEP students to institute programs in order to comply with Title VI of the Civil Rights Act as interpreted by the Supreme Court's *Lau v. Nichols* decision. Many States with mandatory provisions apply the service mandate to LEAs with 20 or more LEP students. In other States with mandatory provisions, the threshhold is either higher or lower than 20, or it is applied at the school rather than the district level. In most States, the threshhold is applied to children within a single grade level or language category rather than to the overall LEP population.

All but one (Pennsylvania) of the 13 States with mandatory provisions provide special funding to assist districts in delivering the required services. In addition, 11 of the 19 States with permissive provisions also help to finance local LEP programs. None of the 18 States in the third category (state law silent) directly assists in financing special services for LEP children. The predominant funding approach used by the States is student-based (12 States). Project grants are awarded in four States. Four States used cost-based approaches, and one uses a resource-based approach. Two States use hybrid or multiple approaches.

In several States, funds for LEP programs have been targeted to specific grade levels (usually the elementary or early elementary grades). In some cases, State funds are made available only for use at the specified grade levels; in other cases, priority is given to programs within the targeted grade span.

STATE INITIATIVES FOR HANDICAPPED CHILDREN

The case of State support for special education is unique. While State funds for programs designed to meet the special needs of disadvantaged and LEP children exist only in certain States, all 50 States provide funds to local school systems to help defray the substantial costs associated with educating handicapped children. The total State contribution to special education in 1979-80 has been estimated at $1.4 billion and the number of children served at 4.1 million (Odden & McGuire, 1980).

Several years ago, there was considerable diversity across States in their special education legislation. Since the passage of P.L. 94-142, however, this situation has changed. The full service mandate of P.L. 94-142, with services defined by individual needs, has forced those States whose laws were not already compatible with this approach to revise their legislation. As a result, State special education laws are now more similar than they are different along the broad dimensions that we have investigated. States cannot, under P.L. 94-142, define the target population in ways that exclude any handicapped students, nor can they predetermine what constitutes appropriate services. However, the basic approach to financing special education can and does vary across States.

Table 1 illustrates the diversity of approaches the States have used to finance special education. The States are fairly evenly divided among three of the four funding approaches described above. (No State finances special education through project grants.) Specifically, 11 States finance special education through mechanisms classified as student based, where an LEA's allocation is based on the total number of students served or the number of students in each of several classifications. Resource-based approaches are used in 11 States; that is, allocations are provided to districts based on the number of special education teachers or classes. Cost-based approaches, in which the State reimburses the district for part or all of the excess costs of educating handicapped students, are used in 15 States. Hybrid mechanisms that incorporate aspects of more than one approach are used in the remaining 11 States.

Within the three general funding approaches, considerable variation exists in the details of the funding mechanisms. A clear example of this variation can be found in the 11 States with student-based formulas. Two of these States (South Dakota and Tennessee) allocated a fixed amount per student served, with no differentiation across handicapping conditions or placements. (This is essentially the same approach used at the Federal level in P.L. 94-142.) The other nine States have adopted some type of differential weighting scheme, in which some handicapped students generate higher sums than others.

Most of these States base their student weightings on handicapping conditions. This kind of student weighting scheme reflects an effort to take into account the real differences in the costs of serving individual members of the special education target population. However, such student weighting schemes have been criticized as perpetuating the "labeling" of children. One response to this criticism has been to shift from weighting schemes based on labeling students according to handicap to categorizations that use placements or nature of services as the basis for differential weightings. California, Massachusetts, and New Mexico are examples of States that have adopted student-based approaches in which weights are assigned to individual students on the basis of the services they receive.

One goal of P.L. 94-142 and recent legislation was to intensify efforts to identify and serve handicapped children. Children participating in special education programs amounted to only 5.9 percent of the school-age population in 1972 (Wilken & Porter, 1977). By 1979-80, 9.5 percent of the children enrolled in public schools received special education and related services (NCES, 1980). Following the dramatic increase in numbers of students served, some educators and legislators began to express concern that too many students were being identified as handicapped. To reduce the possibility of over identification (and to lower the dramatically escalating costs of special education), some States have established limits or ceilings on the proportion of children who can be included in the counts used to generate allocations. These limits may apply to certain categories of exceptionality (e.g., learning disabled) or to the overall special education population.

TRENDS IN STATE INITIATIVES

The problem with any cross-sectional analysis of program undertakings is that it does not reflect the direction and nature of movement. Nevertheless, in the course of our information collection, we came across information suggestive of trends in the three program areas we reviewed. In considering these trends it is important to note the emergence of State governments as an increasingly important source of funds for public education. As a result of State-level finance reform legislation of the 1970s, the State has become the "senior partner" in school finance, exceeding the local contribution 48 percent to 42 percent in the aggregate (NEA, 1980).

Actions in a few States may be indicative of a trend toward State-level program consolidation. In general, consolidation efforts are associated with fewer dollars as well as fewer discrete programs. Arizona, Washington, Utah, and Connecticut are all States undertaking program consolidations that involve one or more special needs populations. For the most part, these efforts to consolidate predate recent Federal policy, and thus reflect motivations other than the present Federal interest in consolidated and block grant approaches. The combined influences of declining enrollments with fewer tax dollars in some States and the need for flexibility to manage growth associated with new industrial and energy development in others (especially in the Sunbelt) may be driving the interest in consolidation. Understanding the reasons behind the demand for more flexible funding approaches is prerequisite to predicting the future of State-level consolidation.

Compensatory Education. Our findings suggest two trends in the area of compensatory education. The first is the likelihood that compensatory education will be the most immediately affected by State budget cuts or by efforts to consolidate and deregulate. Compensatory education is particularly threatened by budget cuts and deregulation because it is not driven by nondiscrimination mandates. In contrast, programs for LEP and handicapped students are backed by Federal requirements of *Lau v. Nichols* and P.L. 94-142, respectively, as well as analogous mandates in some States. In several States, compensatory education funds have been essentially frozen since the mid-1970s, with the result that either fewer students are served each year or fewer services can be provided per student.

The second trend in compensatory education is tied to the recent rise of State minimum competency requirements and their associated tests. As these requirements go into effect, there is increased pressure on districts to provide remedial services for students who fail the tests. Compensatory education funds may be viewed as an attractive source for such funding. As a result, compensatory education services take on a different character. The services tend to be directed more at secondary students than elementary and the services are defined in terms of minimal competencies rather than the broader framework of equal educational opportunity.

Limited English Proficiency Services. Presently, LEP programs are highly controversial because disagreements exist over the content and methods of instruction as well as over the issue of rights to special services. Moreover, districts in many States are facing an influx of refugees which increases the number and diversity of students needing LEP services of some type. In the absence of a Federal mandate, it seems likely that the State political climate would be the deciding factor in the future of LEP services. We speculate that those States with program provisions that go well beyond the *Lau*-based requirements are more likely to maintain LEP services than those States observing the minimum requirements.

Special Education. Because services for handicapped students by and large predated P.L. 94-142 and are often part of the general education funding system, it is unlikely that these programs will disappear under any scenario for the future. If P.L. 94-142 retains its present form, special education programs are probably the least vulnerable to funding cuts. If, however, P.L. 94-142 is weakened or abolished, the extent of special education services will likely depend upon the degree of interest group pressure and availability of funds within the State.

Finally, as general school finance reform becomes more widely implemented, there are indications of a tendency to incorporate a larger number of special purpose programs into the general formula. We observe this, currently, in the several States that have adopted pupil weighting formulas and differential classroom unit calculations based on pupil characteristics. To the extent that incorporating categorical programs into the general finance scheme does become more widespread in the future, changes are likely to occur in the structure and scope of categories currently targeted to special needs populations.

IMPLICATIONS FOR FEDERAL POLICY MAKING: A POSTSCRIPT

Although the primary objective of this paper was to synthesize descriptive information about State categories, it is likely that readers interested in Federal policy will look to information about State-level efforts as one source of ideas for future Federal actions and for clues about future State responses to Federal changes. Because these types of inferences are risky, we offer the following specific cautions.

First, attempts to transpose State categorical approaches to the Federal level must take into account the fundamental structural and contextual differences between the two levels of government. What works in a given State is a function of State funding (including equalization efforts and percents of State support), other elements of the State context (demographic, political and fiscal climate, interest groups, etc.), as well as how existing Federal programs operate. Whether it is feasible to appropriate a State-level approach for Federal adoption therefore requires much more understanding of the State context than a review of major program characteristics.

Second, predictions about State responses to changes in Federal programs must come from an understanding of why States have developed the categories they have and how the Federal presence has affected this development. The similarity between many State categories and their Federal counterparts suggests considerable Federal influence. However, this influence could have arisen for a number of different reasons, each of which would lead to different predictions about the future. For example, if States designed similar programs because they viewed the Federal programs as good models, the withdrawal of a Federal program might have less impact than if State programs were designed along the lines of the Federal model to make administration of, and compliance with, both more convenient. In either case, the influence of strong interest groups at the State level, and the degree of support by the chief State school officer, governor, or legislature can be equally or more important determinants of the life of State programs than any given Federal action. Thus, knowing about the influences on the choice of a model can provide insights into the likely sources of influence regarding its future.

Finally, the 1980s promise to be a substantially different political and economic climate than the 1970s. This changed environment calls forth the need for a different conception of the Federal role in education—one that squarely addresses not only the evolving purposes of Federal involvement, but also the effects of a struggling economy and scarce resources on policymaking. The achievement of equal educational opportunity (through both programs and civil rights protections) has frequently been called a "Federal-State-local partnership." Beyond the present Administration's interest in de-emphasizing the Federal role relative to that of the States, we believe there are good reasons to begin to view this intergovernmental partnership as more of a collaborative relationship than it has been in the past. In terms of State concerns for special needs populations, this might involve greater reliance on State-initiated programs and protections than simply on State and local implementation of pre-designed Federal ones. How to achieve an operational meaning of "collaborative relationships" and whether the Federal Government can provide leadership, resources, and incentives for new directions in education are, at minimum, challenging questions. Nonetheless, the issues need to be tackled as part of an overall rethinking of intergovernmental roles in providing services to special needs populations.

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THE STATES' COMMITMENT
TO SPECIAL NEEDS STUDENTS

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Beginning with the passage of the Elementary and Secondary Education Act (ESEA) in 1965, a primary rationale for Federal involvement in education has been the failure of States and local school districts to provide additional services for special needs students. Now that the Federal Government is considering a less active role in public education, the issue of State commitment to special needs students inevitably arises. Do the States have the capacity and willingness to serve special needs students in the face of reduced Federal funding and direction? There is no question that State commitment to handicapped, bilingual, and disadvantaged students has grown over the past fifteen years. But the existence of State programs that provide additional funding for these students does not necessarily mean their goals or implementation strategies are consistent with Federal programs serving similar students. This paper examines State government commitment to programs for special needs students.

This analysis has found that State-level commitment to special needs students is generally lower than expected, particularly given the significant number of States that provide additional funds for these students. This finding is largely explained by State political factors and an emphasis on the general education curriculum. In addition, research has found that even within the same State, State education agencies (SEAs) differ in how they manage State and Federal programs. Differences are due not just to State attitudes towards Federal programs for special needs students, but

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also to the Federal programs themselves and the assumptions that underlie them. (All States have at least one State-funded program for special needs students and almost half have two or more [Odden and McGuire, 1980]. The analysis is based on several studies conducted over the past five years on various Federal programs and how State governments implement them. For this most recent study, four States which vary on a number of dimensions were selected for analysis [McDonnell and McLaughlin, 1982].)

In deciding that the State should play a major role in Federal education program implementation and regulation, Federal policymakers have made certain assumptions about the State role. First, the Federal Government finds itself depending on the State to carry out objectives the Federal Government originally believed the States were incapable or unwilling to pursue on their own. To reconcile this ambivalence the Federal Government has imposed quite precise targeting, tracking and evaluation requirements on all States, regardless of existing State commitments or competence in areas of special need. Second, in defining the State role in Federal program implementation, Congress assumed that technical assistance and regulation would both be a part of this role. However, the emphasis has been on compliance with fiscal and procedural mandates and only secondarily on ways to improve program substance or build institutional capacity.

For States that play an essentially regulatory function in local districts, such an approach to Federal program management is consistent with the traditional State role. On the other hand, for States that emphasize technical assistance and are less regulatory in their relations with local districts, the Federal emphasis creates a disjuncture between the way State and Federal programs are managed even within the same State agency. As we will see, some States have accepted this narrower role, while others have tried to move the administration of Federal programs closer to the State's own priorities and management style. By implication, the Federal Government assumes that States exert a significant amount of control over local districts and can force them to comply with Federal program mandates. For some States, this assumption is correct. However, for States with a strong local control ethos, it is not. Again, this assumption has meant that in some States Federal programs have severely distorted the traditional State-local relationship.

In putting these assumptions into operation, the Federal Government also provides signals to the States about what is expected of them and how they will be held accountable. Federal assumptions about the State role and the actions that proceed from them may, under some circumstances, overwhelm State characteristics to create what is essentially a purely Federal program with the State acting only as a funding conduit. Under other circumstances and in different types of States, however, Federal programs for special needs students carry a unique State imprint and thus differ in approach from one State to another.

STATE POLITICAL CONTEXT

Although SEAs are directly responsible for State-level implementation of Federal programs, their actions are shaped by the larger political environment in which they operate. General governments, interest groups, the availability of public sector resources, and particularly the State political culture, limit the latitude SEAs have in implementing State and Federal programs and in dealing with local districts. Each of these important State contextual factors can support or, as is more often the case, constrain program implementation.

Role of General Government

In many States, general government interest in public education has waned amid school enrollment decline and public criticism of public education. Where legislative and/or gubernatorial interest and support are maintained at a high level, however, the whole educational policy system is energized. SEAs in such States may sacrifice some flexibility in program implementation, but usually benefit from having elected officials actively concerned about public education. This support, however, does not usually extend to Federal programs for special needs students. The lack of support for Federal categorical programs reflects a view that all students will be better off if overall educational quality is improved. The reality of State politics is recognized: elections are won and lost on how well the State's primary responsibility for general education is met, not on how well special needs students are served.

Role of Interest Groups

Handicapped education organizations are the only State level education client groups that wield any sustaining influence. Legislators hear directly from local constituents, and these groups are viewed as grass-roots organizations expressing legitimate parental and student concerns. In contrast with P.L. 94-142 (Education for all Handicapped Children Act), Chapter 1 (formerly ESEA Title I, Compensatory Education) is an example of a program that has been sustained by the concern and actions of professional educators rather than through grass-roots efforts. Chapter 1 and other compensatory education interests usually lack visible and organized political support.

Since there is little active support for special needs students other than handicapped ones, SEAs must be careful in balancing general education priorities with an emphasis on special needs programs. Especially where Federal program requirements for special need students cannot be integrated with similar State programs, the larger State political environment provides few incentives for SEAs to do anything more than meet minimal Federal requirements.

Public Sector Resources

The changing economic climate in the nation and the States has depleted the public sector resources available for State education programs. Similarly, State response to Federal programs and mandates is also affected. Federal programs which require commitments of State and local funds, *e.g.*, matching requirements in vocational education, service mandates under P.L. 94-142, and maintenance of effort provisions in Chapter 1, influence the allocation of State funds. For example, many fiscally-pressed States participating in Federal programs for special needs students have been forced by Federal mandates to commit more and more of their funds at the expense of the general education program. In the contemporary setting of fiscal stringency and reductions in general funding levels, the political backlash created in this situation makes it more difficult to argue for support of special needs programs.

Political Culture

Political culture describes the context within which policy is initiated and implemented. Four elements of political culture appear to be critical in predicting SEA behavior. First, the notion of local control represents a very real constraint on State action in Federal program implementation. At one end of the continuum are States with a strong local control ethos and with minimum responsibilities that do no more than enforce basic Federal requirements. At the other end are States which accept the concept of a strong central government and require that certain Federal programs be integrated into ongoing State and local programs. Second, and closely related to the notion of local control, is the historical scope of the

State role. In some States, the State has traditionally had broad responsibilities for education and other functions. In others, the State role is secondary to that of local jurisdictions.

The third component of political culture, citizen support for public education, acts as an important resource for SEA activities in the absence of active support from political elites. Also, in States where public sector support is high, education is more likely to maintain its relative share as the public sector budget contracts. Public support of social equity goals, and the similarity of those State equity concerns to Federal objectives, is a final element of political culture. Research indicates that support of social equity goals is low in most States, although over the last fifteen years State commitment to special needs students has made important strides. It appears that apart from aid for the handicapped, the Federal categorical program model is not prevalent in the States. However, even in States where support for social equity goals is high, this commitment does not necessarily translate into more faithful program implementation from the Federal viewpoint. These States tend to mold Federal programs to fit within State-funded ones. Consequently, more effective service delivery or programmatic development may result at the expense of compliance with Federal requirements.

In sum, the larger political context within which SEAs operate not only defines their role in the State education policy system, but it also determines SEA response to the Federal programs they are required to administer. Both State political institutions and the more nebulous, but equally important, State political culture place powerful constraints on SEA behavior.

SEA ORGANIZATIONAL CHARACTERISTICS

In examining Federal program implementation, it appears that the SEA's approach to program management may be shaped by several factors including the SEA organizational structure, the agency's role definition, overall capacity, and program priorities. Interestingly, the research indicates that SEAs do not necessarily implement Federal programs in a manner consistent with how they administer their own State programs. Where Federal goals are inconsistent with State priorities, the SEA can decide to manage Federal programs independently and peripherally to the State's own programs. The State essentially does what is needed to comply with Federal regulations. In many ways, the Federal Government encourages *this response by its emphasis on regulation and process requirements. While this approach ensures that special needs students will receive some attention, a strict compliance approach may preclude greater programmatic development in States with the will and capacity to do more if greater Federal flexibility existed.*

The SEA organizational structure appears to have little or no effect on Federal program implementation. Whether an SEA itself is organized along categorical lines or along functional lines, Federal programs are no more likely in either case to be coordinated with other agency activities. Program coordination and integration are determined more by the SEA organizational priorities and general management style than the agency structure.

Programmatic development and integration will occur when SEAs view Federal funds as additional resources to be used in service of their own objectives. Where State priorities and programs are the same as Federal program objectives, Federal programs are more likely to be integrated into the SEA's core activities. Programmatic development may come at the expense of Federal compliance requirements, however. In some States, SEA monitoring of Federal program requirements and compliance checks are viewed as subordinate to programmatic concerns. In effect, the SEA staff concentrates on fulfilling the legal minimums to comply with Federal program provisions.

Where State priorities do not resemble Federal concerns, SEAs are also likely to view Federal programs in an administrative, rather than programmatic, way. State responsibility is seen as a means to channel Federal funds to local districts and ensure local compliance with Federal guidelines. The staff in these SEAs generally see Federal programs as ancillary; no efforts to link State and Federal programs are made.

The relationship between State role and program implementation is further complicated by the fact that SEA roles may differ for State and Federal programs. For example, although a State may have a traditionally active, interventionist relationship with local districts, this does not necessarily extend to its management of Federal programs. In one State studied, the SEA played an active technical assistance role in local districts through a network of regional offices. However, Title I staff in the same regional offices functioned separately from the SEA general education and specialist staff. The SEA response mirrors the discomfort with Federal education initiatives and the inconsistency between SEA general educa-

tion priorities and Title I's categorical objectives. In the local districts, the Title I staff role is narrower and more regulatory than the traditional relationship with local districts.

SEA capacity—that is, its level of staff expertise, its analytical and planning capabilities, and ability to enforce State and Federal mandates and provide technical assistance—is closely related to the State role differences. High capacity States, those that play an active role in initiating and implementing education policy, tend to stress programmatic development. Those that play a passive or minimal role are more likely to possess low capacity and tend to focus on compliance. However, low capacity States also tend to lack the resources to act on the desire to stress more than formal compliance with Federal mandates. In thinking about ways to restructure the Federal role, the fixed costs of participating in Federal programs and the burden these costs present for small States with minimal capacity should be considered.

Although State characteristics largely determine SEA response to all Federal programs, the Federal program itself exerts some influence over State-level implementation patterns. In our research we found that depending on which Federal program is being implemented, a State's response pattern can vary. State experience with Title I, P.L. 94-142, and other Federal categorical programs illustrates this variation.

STATE EXPERIENCE WITH COMPENSATORY EDUCATION PROGRAMS

ESEA Title I, now Chapter 1 of the Education Consolidation and Improvement Act (ECIA), is the largest Federal education program, yet its structure and programmatic history have produced little variation in its implementation across the States. Due to lack of experience with compensatory education and the absence of State and local commitment to Title I categorical objectives, Title I's early history found State and local practices clearly at odds with Congressional intent. The U.S. Office of Education responded by developing more tightly specified regulations concerning the use and oversight of Title I funds. SEAs took their cue from the new Federal posture and stepped up their monitoring and oversight activities. Hence, the increased attention to local targeting and allocation of Title I funds has resulted in a high level of compliance with Federal program regulations across the country. There appear to be remarkably few State-level differences in Title I implementation among the States (Goettel, et al., 1977; SRI International, 1979).

In examining SEA Title I practices in four States, two themes stand out. First, Title I officers are viewed almost exclusively in terms of Federal mandates and compliance issues. The second theme deals with the inflexibility of Title I's legal framework. The Federal failure to modify its role and recognize that Title I's administrative posture has resulted in few State initiatives and virtually no programmatic development in compensatory education. State-level factors, such as the SEA's traditional relationship with local districts, may affect the extent to which SEA priorities are incorporated into Title I's regulatory framework. In some States, the larger SEA role may support the use of regulation in molding local projects to reflect State-identified priorities and notions of more effective Title I practice. Most often, strong feelings of local control, limited SEA financial capacity, and general education priorities win out over compensatory education as a State-level concern, and explain States' failure to move beyond a simple compliance mode.

In addition, the research indicates that the existence of State funds for compensatory education does not always translate into actual programs for poor or underachieving children. Some programs act as political side payments to accomplish purposes, marginally associated to compensatory education, like providing a State's largest city with additional funds to settle a teacher's strike. However, some efforts by groups representing compensatory education interests have been successful in pressuring the State legislature and SEA to require local districts to spend funds on poor students and to coordinate all State and Federal compensatory education activities.

In sum, commitment to special programs for compensatory education students is weak in most States. Political support for such efforts is not present and most SEAs lack the resources to pursue such policies independently, without support from the larger political system. As a result, Title I often functions separately from core SEA activities and State compensatory education funds serve as another form of general State aid. On the other hand, there is no question that Federal administrative requirements for Title I have been faithfully implemented in most States and that the program is having a positive effect in many local districts. Still, State experience with Title I suggests that in the absence of Federal direction, the politically weak constituency served by Title I would have a difficult time maintaining its share of the Federal aid pie. The historic of Title I also suggests that had the Federal Government paid more attention to program substance once basic compliance mechanisms were in place, State level implementation patterns would now be quite different. The Federal Government has provided no incentive for SEAs to overcome the resistance of general government towards any more than a minimal State role in Title I.

STATE EXPERIENCE WITH HANDICAPPED EDUCATION PROGRAMS

P.L. 94-142 is an unusually potent piece of Federal education legislation that contains clear and strong signals to the States. Although States have strengthened their handicapped education statutes in response to P.L. 94-142, handicapped law has [illegible] in some States. Unlike the Federal law (Title I/Chapter 1), which is essentially a grant-in-aid program, the Federal handicapped program is both authorization and regulation; it is more costly and requires major State/local financial commitments. A relatively new program, P.L. 94-142 came during a period of fiscal uncertainty, yet it enjoys strong political support at all levels of government. State level implementation of P.L. 94-142 in the sample States resembles Title I in an important way: States tend to stress local compliance rather than program quality or institutional capacity. This emphasis is largely dictated by Federal requirements and their emphasis on process, rather than substance.

Similar implementation problems exist in the States studied and have been characteristic of programs still in an early stage of development. Inadequate financing and the imposition of costly services (e.g., private placements) create a serious burden for State and local implementation efforts. Although implementation problems are similar among the States, there are striking differences in management of handicapped education programs, funding formulas, program priorities, and the extent of integration with other SEA activities.

To some extent, States are making their own imprint on even the most rigidly structured Federal program. The most obvious example is the SEA's [illegible] general role as defined in terms of technical assistance. SEA staff [illegible] monitoring activities, instead focusing P.L. 94-142 discretionary funds and State support on technical assistance activities. Because of handicapped education's political support, the SEA has the resources and discretion to shape P.L. 94-142 to fit the State's own objectives and to integrate the Federal program with other SEA activities. Compensatory educadata, on the other hand, is not a State priority, so Chapter 1 is administered in a way that meets Federal requirements, but does not require more than minimal State effort.

Unlike compensatory education, State and Federal handicapped education programs operate as one program in all sample States. However, the sample States differ significantly in the extent to which they coordinate handicapped education with other SEA activities. One State emphasizes coordination by supporting staff positions and activities in areas outside special education (e.g., vocational rehabilitation, physical education). Another State's integration of handicapped programs with other SEA activities is a reflection of strong State-level commitment to special education. In the third State, the SEA management style and lack of fiscal resources do not allow anything other than P.L. 94-142 monitoring. In the final State, fiscal monitoring and compliance concerns outweigh coordination of handicapped programs with other SEA activities even though the State has the capacity to integrate these programs through the SEA's regionally based SEA service teams.

Perhaps the most important issue facing P.L. 94-142 is the lesson this program can learn from the Chapter 1 experience. In contrast to Chapter 1's emphasis on controlling the use of program funds, P.L. 94-142 focuses on service entitlements and procedural fairness, and has no [illegible] [illegible] the services should be [illegible] [illegible] (1983). Consequently, P.L. 94-142 has not become bogged down in all the fiscal accounting details that Title I and now Chapter 1 has. Despite this fiscal flexibility, however, P.L. 94-142 is in danger of following the programmatic history of Title I and [illegible] its [illegible] compliance at the expense of program quality and instructional capacity. The States are already taking their cues from the Federal Government and [illegible] those areas that the Federal Department of Education (ED) is likely to focus on in its own compliance checks. Although the [illegible] attention to other program components varies from State to State (depending on a State's own priorities), all States would devote more attention to substantive aspects if the Federal Government encouraged it.

STATE EXPERIENCE WITH OTHER FEDERAL PROGRAMS

Several Federal categorical programs were designed not so much to help special needs students, but to address other Federal goals like innovation and institutional capacity building. These programs have experienced very

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ALTERNATIVE WAYS TO REDEFINE STATE RESPONSIBILITIES FOR FEDERAL PROGRAMS

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Block Grant Legislation

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receive additional services. Under these circumstances, the outcome for each student will depend on the validity of the "trickle-down" theory espoused by many State officials; that is, to the extent that State capacity is directed at improving the entire education system, special needs students are likely to benefit at least marginally. Also, given that many States have administered Federal programs in a minimalist, compliance-oriented way, we may find that strong State commitment to improving the general education curriculum may lead to no worse and possibly even better opportunities for special needs students than resulted from the half-hearted categorical programs of the past. We do not yet have the data to assess the relative merits of these two approaches, but the Administration's block grant policy may produce such information quite soon.

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FEDERAL EDUCATION PROGRAMS: LESSONS FOR THE STATES

Delivery of Educational Services to Target Groups:
Federal Strategies Prior to 1981
Elizabeth R. Reisner

Federal Strategies for Educational Improvement
Brenda J. Turnbull

Strategies for Educational Policies:
Compliance and Incentives
Erwin C. Hargrove

"By improving our understanding of the history of these Federal programs, we will acquire a useful basis for analyzing recent changes in the structure of Federal involvement in elementary and secondary education."

—*Elizabeth R. Reisner*

"Despite the decentralization of decisions about the use of Federal school improvement funds, the Federal Government continues to provide seed money, support research and development, and require and conduct program evaluations . . . ."

—*Brenda J. Turnbull*

"Federal demands for compliance are a necessary but insufficient condition for implementation."

—*[illegible] C. [illegible]*

FEDERAL EDUCATION PROGRAMS: LESSONS FOR THE STATES

Two common areas of concern to both the Federal Government and the States in elementary and secondary education are the improvement of educational quality and the provision of appropriate services for students with special educational needs. At both levels of government, however, there are some important differences between these two policy concerns—most notably in the scope and scale of the initiatives.

While nearly all States engage in activities designed to improve the quality of schooling, far fewer provide programs for children with special educational needs other than for the handicapped. In fact the reluctance or inability of States and school districts to provide appropriate services for educationally disadvantaged children from low-income families contributed to passage of the Elementary and Secondary Education Act (ESEA) in 1965 and has helped make equal educational opportunity the cornerstone of Federal education policy since that time. On the other hand, because of the general State commitment to school quality, and resistance to Federal interference in such school matters as curriculum, Federal activities in the area of educational quality have been more limited. Even before enactment of Chapter 2 of the Education Consolidation and Improvement Act (ECIA) in 1981—the Federal block grant for educational improvement—there was substantially less Federal money available for activities designed to enhance educational quality.

Passage of ESEA in 1965 marks the beginning of the "modern era" of Federal education policy. All Federal education programs, however, were not enacted as part of this Act. The existing Federal program structure emerged in piecemeal—new programs were enacted as "new problems" were identified. As a result Federal activities in elementary and secondary education, especially those for students with special educational needs, employs a variety of strategies: low-income and educationally disadvantaged students are served through supplementary financial assistance; handicapped students through a legislative mandate accompanied by limited financial assistance; and limited-English-proficient students through civil rights guarantees and modest discretionary program support.

Programs to improve the quality of education prior to the enactment of Chapter 2's block grant were more varied in their characteristics and generally relied on competitive grants and discretionary funding. In addition to the block grant, Federal activities in this area currently consist primarily of support for research and development, technical assistance, evaluations, dissemination, and staff development. This section contains three papers which examine the experience of Federal education programs, suggest possible modifications, and identify some lessons for future policymakers concerned with these policy issues.

Elizabeth Reisner examines the evolution of programs for three groups of special needs students: the educationally and economically disadvantaged, the handicapped, and children with limited proficiency in English. She compares and contrasts the strategies and program features found in each of the three target group programs, and explains why certain approaches were selected and rejected. Reisner then suggests that streamlining or consolidating certain Federal requirements might eliminate some of the problems with the current program structure while maintaining the Federal commitment to improving educational opportunities for the nation's most disadvantaged children.

Brenda Turnbull's paper reviews Federal programs for educational improvement—a policy concern of interest to both the Federal Government and the States. Despite the deemphasis of most Federal programs for educational improvement under Chapter 2 of the Education Consolidation and Improvement Act (ECIA), the Federal Government still supports a number of more targeted activities with a goal of educational improvement. Turnbull reviews education improvement activities according to strategies of improvement, objectives of the improvement activities, and the activities themselves. She then makes some generalizations about the lessons learned from current and past activities. Turnbull suggests that future Federal and State policy in this area should support locally-generated improvements as well as efforts to improve the technological base of education.

Karen Hegener reviews the full range of Federal activities in [illegible]

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DELIVERY OF EDUCATIONAL SERVICES TO TARGET GROUPS: FEDERAL STRATEGIES PRIOR TO [illegible]

Elizabeth R. Reisner

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THE LAW ASSISTING EDUCATIONALLY DEPRIVED CHILDREN

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to the needs of LEP students has been attributed to many factors. One commentator has speculated that passage of ESEA Title VII reflected the growing strength of the Hispanic interest groups, at a time when Black civil rights groups had attained their primary legislative goals and were beginning to recede in the attention of many liberal members of Congress (Thernstrom, 1980).

Whatever the impetus for Title VII may have been, it is clear that the Congressional committees in 1967 and 1968 had been alarmed by statistics indicating the high dropout rates and low family incomes of school-aged Hispanic students. According to a 1967 Senate report, "the solution to this problem lies in the ability of our local educational agencies with high concentrations of limited English speaking ability to develop and operate bilingual programs of instruction" (Committee on Labor and Public Welfare, noted at pp. 2779-2780 in compilation). The 1967 Senate report, like other writings of the time, offers little rationale as to why bilingual education, as a particular instructional strategy, was to be preferred over other forms of special instruction for LEP students.

In retrospect, however, it seems possible that the political merits of bilingual education were more important in 1967 and 1968 than was its educational value. One of the most frequently told stories by supporters of bilingual education proposals concerned the punishment inflicted on Mexican-American children who used Spanish on the playgrounds and in the lunchrooms of public schools in the Southwest. The personal embarrassment and pain of these practices could only be remedied, it seemed, by official endorsement of the use of Spanish and other native languages in classrooms enrolling LEP students. With enactment of Title VII, the use of Spanish and other non-English languages became acceptable and even encouraged by Congress. Although these political achievements of Title VII were clear, it was less apparent how bilingual education was going to achieve its instructional objectives, which had been identified only vaguely by bilingual proponents.

The lack of clear purpose gave rise to serious controversy over "maintenance" versus "transitional" objectives of bilingual education. These two instructional approaches were different in their view of whether a child's proficiency in his or her native language was to be considered an end in itself (*i.e.*, "maintenance" of proficiency in the native language, requiring bilingual education over a number of years) or a means towards the goal of English proficiency (*i.e.*, "transitional" use of the native language while English was being acquired, usually in a shorter span of time). This controversy flared in the context of the first Title VII reauthorization, enacted in the Education Amendments of 1974, P.L. 93-380. An attempt to bridge the two perspectives can be seen in this excerpt from the 1974 House report of the Committee on Education and Labor:

> The goal of the program in the Committee bill is to permit a limited-English speaking child to develop the proficiency in English that permits the child to learn as effectively in English as in the child's native language—a vital requirement to compete effectively in society. This requires continuation of basic education instruction in both languages until that level of proficiency is achieved. The culmination of the process cannot be projected precisely in terms of a stated duration; therefore, the Committee does not believe it would be in keeping with the overall program goal to set a cut-off for a bilingual program. (p. 45).

These disputes were brought to a head and resolved in the context of the Education Amendments of 1978 (P.L. 95-561). Preliminary findings of a major Office of Education (OE) evaluation of Title VII had been issued while the reauthorization debate was underway. (See Danoff, 1978, for a summary of the study's final results, which were largely unchanged from the preliminary findings issued earlier.) Two of OE's findings were understood to provide strong support for the "transitional" point of view. The first of these findings was that a large proportion of students in sample Title VII classrooms were not actually limited in their English language ability, according to the judgments of their teachers. If this were so, it appeared that Title VII funds were not being spent on the children intended by Congress to be the recipients of Federal aid. Second, Hispanic background students in Title VII classrooms were learning at a rate no higher than that of comparable children in English-only classrooms. Bilingual education as general instructional strategy was thrown into serious doubt by these findings. In response, Congress strengthened its support for rapid acquisition of English as the foremost goal of the Bilingual Education Act.

Three other features of the 1978 Amendments are worthy of note. First, the 1978 law clarified the instructional strategy to be employed in programs of bilingual education. Section 703(a)(4) (A)(i) now defines a bilingual program in the following terms:

> Instruction given in, and study of, English and, to the extent necessary to allow a child to achieve competence in the English language, the native language of the children of limited-English proficiency, and such instruction is given with appreciation for the cultural heritage of such children, and of other children in American society, and, with respect to elementary and secondary school instruction, such instruction shall, to the extent necessary, be in all courses or subjects of study which will allow a child to progress effectively through the educational system.

The specificity of this instructional program is matched in few other Federal education statutes and certainly in none of the other education laws serving target group children.

Second, the 1978 law clarified the target group children to be served by Title VII. The 1968 law had focused services on limited-English speaking children in schools with high concentrations of children from low-income families. The low-income provision of the early law paralleled comparable provisions in ESEA Title I. In 1974, the Title VII low-income provision was withdrawn from the program requirements and substantially de-emphasized by being made into one of several criteria for the selection of grantees. The 1978 Amendments carried over the 1974 provision relating to concentrations of low-income families and included a new provision explicitly identifying aid recipients within a Title VII-funded district as "children most in need of service under this title" (Section 721(b)(3)(F)(i) of P.L. 95-561). P.L. 95-561 carried over earlier Title VII provisions directing that Title VII funds for school district projects be allocated in proportion to the geographical distribution of children of limited-English proficiency. Geographical considerations are particularly important in the context of Title VII given the enrollment concentrations of LEP children in a few States. For example, 67.5 percent of all LEP students in the U.S. live in California, Texas, and New York (AUI Policy Research, 1980, p. 2).

The third important feature of the 1978 Amendments was the de-emphasis on Title VII as a demonstration program and the acknowledgment that it had become a small but significant service program. The 1968 law had stated the purpose of Title VII programs in the context of developing "new and imaginative" programs of bilingual education. By 1978, however, the research and demonstration aspects of Title VII had been moved to a separate Part C (authorizing "Supportive Services and Activities") and were to be carried out under grants and contracts separate from the service-oriented grants to school districts. Although program demonstration had been part of the general rhetoric surrounding Title VII prior to 1978, that goal had not been reflected in specific activities undertaken in the program. The provision of bilingual education services to LEP children had become the primary objective of the program. In all probability, the most useful purpose of the program demonstration rhetoric has been to justify the relatively low funding and service coverage provided to LEP students under Title VII.

ESEA Title VII has been, however, only one side of the Federal Government's assistance to LEP children. Title VI of the 1964 Civil Rights Act, as interpreted by the U.S. Supreme Court, requires local school districts to provide LEP children with a "meaningful opportunity to participate in the education program." [*Lau v. Nichols*, 414 U.S. at 568 (1974).] Although the Supreme Court decision rendering that finding was issued in 1974, the Executive Branch has not yet decided on a final interpretation of the requirements that emanate from the Court's major findings. The key question delaying Title VI regulations on this matter has been whether bilingual education as a specific instructional strategy is required for LEP students, or whether other instructional approaches in addition to bilingual education are also acceptable.

Despite these questions, however, it is clear that Title VI requires relatively careful attention to the needs of LEP children, through individualized student identification, placement, instructional services, assessment, and follow-up services. It is also clear that English proficiency is to be the foremost goal of special services to LEP children but that attention must be given to students' progress in academic subjects.

Considered together, the Bilingual Education Act and Title VI of the Civil Rights Act do not form a clear Federal policy towards the education of LEP children. Although precise Title VI requirements have not been finally determined, it is likely that if they are ever issued they will require services that are different from those required of Title VII grantees. (For example, bilingual education probably will not be considered an explicit requirement under Title VI, as it is under ESEA Title VII.) Because the Bilingual Education Act appropriations are not allocated on a formula basis, there is no guarantee that those districts required to provide the most extensive services under the civil rights requirements of Title VI will receive bilingual program funds to help them fulfull their responsibilities. Moreover, the coverage of LEP children under Title VII is so low that only a small number of students protected under Title VI receive any Federal assistance through the Bilingual Education Act.

Unlike programs for handicapped children, the States have not tended to use their education funds to support special assistance programs for the education of LEP students, even though the enrollment of LEP children is spread unevenly within many States, thus creating an uneven burden among districts within those States. According to data collected by the ED Office for Civil Rights, 55 percent of all LEP students live in center cities, as defined by the U.S. Bureau of the Census. This proportion contrasts with 26 percent of *all* students (non-LEP and LEP) who live in center cities (AUI Policy Research, p. 2). In 1980, only 17 States provided any special funds for bilingual education, with amounts such as $4.5 million in Texas and $200,000 in Iowa, for example (National Clearinghouse for Bilingual Education, 1980).

Under the Bilingual Education Act, State education agencies have few responsibilities except for review (but not approval or disapproval) of local grant applications and coordination of technical assistance. For these rather limited responsibilities, however, the State education agency may receive up to five percent of the amount of all bilingual grants within the State.

COMPARISON OF LEGISLATIVE PROVISIONS AFFECTING THE THREE GROUPS

To summarize the legislative evolution just described, each of the Federal aid programs developed as it did for its own reasons, although all sought three common goals. The first goal was, in essence, to provide the most disadvantaged members of society with the instruction necessary to make them self-sufficient and productive contributors to the society, not perpetual recipients of welfare or disability payments. The second goal was to reimburse school districts that enrolled high numbers of these special needs pupils, most of whom required greater-than-average spending for their instruction. The third goal was to increase the overall level of funds available to school districts for elementary and secondary education. To some extent these goals are reflected in the allocation mechanisms used in each program.

In the case of ESEA Title I (now Chapter 1, ECIA), the availability of poverty data through the decennial census made it possible to allocate funds on a formula basis, using a measure (i.e., poverty) that was thought to be a good proxy for educational deficiency. The poverty criterion also had the characteristic of appealing to certain legislators as a valuable allocation criterion in its own right. In addition to the allocation characteristics of Title I, Congress over the years has enacted new provisions designed to encourage State and local spending to improve the education available to the most educationally deprived children in the nation's schools.

In the case of handicapped children, Congress designed an allocation formula that used not a proxy but a direct measure of the number of handicapped children being served by each State, a strategy that was possible because of the history of State support (and resulting collection of enrollment data) for handicapped education. Unlike ESEA Title I, however, the evolution of legislative support for education of the handicapped is marked by a major shift of focus, with enactment in 1975 of the Federal mandate for State provision of an appropriate education for all handicapped students. This change marked not so much a new Congressional attitude (although that certainly seemed to be present) as a logical outgrowth of a series of court decisions and State laws requiring school districts to provide free and appropriate educational services to handicapped students. These legal actions were also reflected in the enactment of Section 504 of the 1973 Rehabilitation Act.

Limited-English speaking students have received aid on a discretionary basis, due in part to the lack of statistical data on the distribution of LEP children nationwide. The major change that has been debated and approved in the Bilingual Education Act is the shift in instructional priorities to English proficiency. Apparently, no serious consideration has been given to enlarging the State administrative role in this law.

This review of Federal strategies towards target group children has highlighted the diversity in the current approaches to Federally sponsored assistance and protection. As shown here, there have been pressing political and educational reasons for this diversity. In each case, however, the overriding Federal strategy was to use Federal requirements as leverage to increase State and local commitments to educational improvements for target group students.

A decision to revise the current Federal approach to serving target group children need not imply any retreat from earlier levels of Federal commitment to these children. Such a decision must be accompanied, however, by a restatement of Federal intention to maintain and if possible improve educational opportunities for the nation's most disadvantaged children. These purposes can be consistent with efforts to streamline and in some instances consolidate or eliminate current Federal requirements. Such changes can be successful, however, only if designed with a full understanding of both the educational needs of target group children and the characteristics of alternative governmental mechanisms that might be adopted.

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FEDERAL STRATEGIES FOR EDUCATIONAL IMPROVEMENT

Brenda J. Turnbull

Improvement in educational quality has been a long-standing Federal concern although specific programs have differed from those used to achieve the other major education policy goal—equality of educational opportunity. In the area of equality, the Federal Government has taken a relatively firm hand, imposing mandates for nondiscrimination or for affirmative treatment of children with special educational needs. In the area of educational improvement, however, it has chiefly been a provider of resources that school districts may voluntarily acquire and use. The level of Federal resources for educational improvement has been significantly lower than Federal monies used to finance services for students with special educational needs. This analytic distinction between the goals of equality and improvement, however, should not mask the fact that these goals are blended in several Federal programs. In elementary and secondary education, several of the categorical programs that serve special needs students include components aimed at improving the quality of services to such students.

Passage of the Education Consolidation and Improvement Act (ECIA) in 1981 significantly altered the Federal portfolio of strategies for educational improvement. Under Chapter 2 of ECIA, a block grant which consolidated about 30 of the smaller education categorical programs, Federal leverage is reduced as fewer funds are spread around to school districts,

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with relatively few restrictions on their use. This means that the Federal Government will no longer target most of its school improvement aid to selected recipients for specialized purposes.

Despite the decentralization of decisions about the use of Federal school improvement funds, the Federal Government continues to provide seed money to support research and development, and to require and conduct program evaluations. Both the Federal Government and the States conduct and support technical assistance and dissemination. An assessment of current and past activities oriented towards educational improvement might provide useful insights for policymakers at all levels of government as they think about future strategies for improving the quality of education for our nation's children.

This paper reviews Federal improvement-oriented activities, classifying them into three types of categories: strategies to achieve improvement, objectives of the improvement activities, and the activities themselves. It then draws on evaluations of Federal programs to assess the efficacy of different types of strategic approaches, and of different types of Federally-supported activities. Finally, it suggests some lessons that have been learned from past experiences offering some possible directions for Federal/State programs for improving the quality of education in the future.

FEDERAL STRATEGIES, OBJECTIVES AND ACTIVITIES

Assumptions and Strategies

Federal policies for educational improvement are based on assumptions about the best sources of improved techniques (of instruction, management, assessment) and whether the source should be inside or outside the school district or institution. The "inside" assumption is an expectation that an improvement takes root and persists only if it is "home grown," i.e., invented by the people who will be implementing it. At the "outside" extreme is the notion that improvement is a matter of transferring the technology of effective education into schools from other practitioners. Where the sponsors of a program expect improvement to originate dictates strategic choices about the design.

Another assumption that underlies strategic choices concerns the amount of intervention appropriate for the improvement process. The strategic options for the amount of intervention range from extensive support (or incessant tinkering) to complete trust (or abandonment) of those who are implementing improvements. Alternatively, a hardline advocate of technology transfer in education might believe in refining a curriculum so that it becomes "teacher-proof," and then leave teachers alone to implement it. Other decisions about intervention confront the sponsors and planners of improvement efforts, (e.g., who should assist with improvement, at what points in the process, offering what resources, and imposing what requirements).

Objectives

In addressing the general goals of educational improvement, Federal programs have aimed at different objectives. One objective is the ***generation of knowledge***, ranging from basic research findings to curricula, teaching methods, and results of program evaluations. This objective is most commonly associated with a technology-transfer strategy.

A second broad objective for educational improvement is the ***diffusion of knowledge***. This objective reflects a belief that new ideas must be actively publicized through personal, interactive communication. Diffusion is the objective of any activity that takes place after knowledge is generated and is aimed at putting the knowledge in the hands of practitioners. It is an objective most closely associated with a technology-transfer strategy.

Educational improvement efforts are aimed at ***building support systems for continuing improvement***. The emphasis is on creating and sustaining long-term individual and organizational capabilities outside schools and districts. For example, supporting an educational laboratory in a region gives educators in that region long-term access to research and development resources; capacity-building grants to State education agencies are meant to enhance their ability to help in educational improvement.

A fourth objective is ***building capacity for self-improvement in the organizations and individuals providing instruction***. To some extent, all objectives are aimed at capacity building; educational improvement is inevitably accompanied by improved capacity. As defined here, this objective characterizes Federal activities that are specifically intended to build schools' or institutions' capacity to recognize, initiate, implement, or sustain improvements.

Federal Activities

Another way to classify what the Federal Government does for educational improvement is by Federal activities—conducting technical assistance, supporting demonstration projects, and so on. Depending on how it is carried out, any specific Federal activity may reflect one or more strategies and objectives for educational improvement. Most of what the Federal Government does to promote school improvement consists of supporting the following activities:

- research and development
- evaluation
- seed money/demonstration projects
- dissemination
- technical assistance
- staff development
- locally determined projects under a block grant

Although various fiscal requirements are imposed on grantees and contractors, these serve targeting or accounting purposes rather than being intended to further the cause of improvement. There are also few activities conducted directly by the Federal Government; instead, Federal funds support other agencies to carry out the activities.

Table 1 illustrates how Federal activities correspond to Federal goals. Table 2 ties specific programs receiving Federal support with educational improvement activities.

REVIEW OF RESEARCH

Almost every Federal program for educational improvement combines several strategies, objectives, and activities, and because so many Federal programs have been conducted simultaneously with State, local, and institutional efforts, conclusive pronouncements about the effectiveness of particular strategies or activities are impossible. There is a knowledge base, however, on the effects of Federal activities that are carried out in particular ways. This research will be reviewed briefly here, beginning with two studies that have implications for broad Federal strategy.

The Rand Corporation's Change Agent Study (Berman and McLaughlin, 1978) strongly criticized a technology-transfer view for three faulty assumptions: that improvement requires innovative technologies; that it requires the provision of missing resources to school districts; and that it requires a targeted project focus. These assumptions, the authors contend, are demonstrably wrong since lasting change in schools and school districts inevitably requires the adaptation of a project design, using extensive local

Table 1

FEDERAL ACTIVITIES CORRESPONDING TO FEDERAL GOALS

	Goals			
Activities	Generate knowledge	Diffuse knowledge	Build support systems	Build capacity
Conduct research & development	X			
Support research & development	X		X	
Support evaluation	X			
Require evaluation	X			X
Require planning				X
Support seed money/ demonstration projects	X			X
Conduct dissemination		X		
Support dissemination		X	X	
Conduct technical assistance		X		X
Support technical assistance		X	X	X
Support staff development		X	X	X
Support locally initiated activities under block grants				X

Table 2

EDUCATIONAL IMPROVEMENT ACTIVITIES AND PROGRAMS RECEIVING FEDERAL SUPPORT

Educational Improvement Activities	Programs Receiving Federal Support
Research and development	Chapter 2, ECIA (Secretary's discretionary fund and state Basic Skills Improvement program) Handicapped programs: Innovation and Development, Early Childhood Education, Media Services and Captioned Films, Severely Handicapped Projects, Regional Resources Centers Bilingual materials development Vocational Education Research Coordinating Units and Programs of National Significance National Institute of Education
National evaluation	Categorical programs, often with set-asides
Seed money/demonstration projects	Chapter 2, ECIA (Secretary's discretionary fund and state Basic Skills Improvement program) Handicapped programs: Early Childhood Education, Media Services and Captioned Films, Severely Handicapped Projects, Regional Resource Centers Vocational Education Research Coordinating Units Fund for the Improvement of Postsecondary Education (Expiring programs: ESEA Title IV-C, Basic Skills Improvement, Follow Through, Career Education, Special Projects programs)
Dissemination	Chapter 2, ECIA (Secretary's discretionary fund and state Basic Skills Improvement program) Handicapped programs: Innovation and Development, Early Childhood Education, Media Services and Captioned Films, Severely Handicapped Projects, Regional Resource Centers

Dissemination (cont'd.)	Bilingual clearinghouse Vocational Education Research Coordinating Units Fund for the Improvement of Postsecondary Education National Institute of Education Regional Program, ERIC (Expiring programs: ESEA Title IV-C, Basic Skills Improvement)
Technical assistance	Chapter 2, ECIA (Secretary's discretionary fund and state Basic Skills Improvement program) Handicapped programs: Early Childhood Education, Regional Resource Centers Bilingual grants to state education agencies Vocational Education Research Coordinating Units Title IV, Civil Rights Act, Desegregation Assistance Centers and SEA grants National Institute of Education Regional Services
Staff development	Chapter 2, ECIA (Secretary's discretionary fund and state Basic Skills Improvement program) Handicapped program: Special Education Personnel Development Bilingual training grants Vocational education Programs of National Significance Authorized local activity under categorical grants (Expiring programs: Teacher Corps, Teacher Centers, Pre-College Science Teacher Training)
Locally developed activities under block grants	Chapter 2, ECIA

resources on which the Federal Government can exercise little leverage. While the authors do not argue that every idea used in an improvement effort must originate locally, they maintain that the commitment which makes a project take hold and succeed must be home-grown.

A different view is supported by a recent study of the National Institute of Education's program on Research and Development Utilization (RDU). Abt Associates found that product characteristics significantly influence local outcomes and that extensive adaptation of an R&D product was necessary (Louis, Rosenblum & Molitor, 1981). In fact, both adaptation and local development of new materials were found to be negatively associated with the scope and effects of local improvement efforts, a finding that directly contradicts the Rand conclusions.

There could be various explanations for this anomaly, including the use of somewhat different outcome measures. In Abt's RDU study, local educators very carefully chose what they would try to implement, while in the Rand study, the packaged products tried out locally were often imposed from above. When a product was suitable to begin with, it presumably needed less adaptation. Moreover, the implementation of products was not the major focus of the Rand researchers, who based their conclusions largely on their observations of locally designed change.

The two studies have less-conflicting findings on the question of outside interventions. The Rand researchers concluded that many of the interventions offered in the programs they studied had been ineffective, and that schools and districts might have been better off without structured models for planning, the assistance of outside consultants, or one-shot preimplementation training. Nevertheless, Rand concluded that other kinds of intervention would have been helpful, notably what they call "adaptive implementation assistance," if focused on the change process in the district, offered continuously, and provided by practitioners. The Abt study of the RDU similarly concluded that the sustained, intensive help provided by outside organizations, when focused on the change process, was instrumental in achieving improvement outcomes.

Research Findings on Federally Supported Activities

In reviewing research on activities designed to foster educational improvement, it is important to sort out the criteria of success being applied. This review will emphasize criteria related to the Federally identified objectives.

The intent of Federally sponsored ***research and development*** has been to generate knowledge that can improve education. The results so far have been largely indirect. It is hard to point to widespread changes in educational techniques that can be traced to educational research—but this is probably an unfairly narrow standard to apply to such a wide-ranging activity as research.

In the case of development, however, it is more appropriate to look for the diffusion and use of what is developed. In the 1950s and 1960s, there was a wave of Federally sponsored curriculum development in science and mathematics. The development projects, some of which enlisted the expertise of distinguished professors, generally turned out complicated and expensive packages that were not widely used. School districts could not afford the packages, teachers without special training were unable to use them, and, commercial publishers, recognizing the deficiencies of the products, were unwilling to market them. Several other Federally sponsored R&D enterprises followed a similarly disappointing course (Turnbull, Thorn, and Hutchins, 1974).

More recently, many researchers and developers have begun to work on smaller-scale, collaborative ventures with practitioners. The regional education laboratories, for example, have turned from their early focus on product development to a new focus on serving educators in their regions more directly.

Evaluation, like R&D, has fallen short as an approach to educational improvement when the goal has been to generate knowledge in the form of packaged prescriptions. The history of nationwide evaluations has shown that educational approaches do not work when they are implemented by people in diverse local schools. In fact, it seems to be the nature of local implementation, not the nature of the original program blueprint, that most seriously influences a program's results. Thus, many evaluators are turning to formative evaluation, examining the development of a program as it is implemented in order to fine-tune it for better results (Cronbach et al., 1980).

With ***seed-money or demonstration grants***, the Federal Government has underwritten the local design and implementation of improvement projects. Although most demonstration programs are advocated with the argument that they will contribute to the store of educational knowledge (see Glennan, Hederman, Johnson, & Rettig, 1978), the programs usually function as grants-in-aid to the local recipients. The aim is generally to build capacity and institutionalize improvements at the sites that receive funds.

By this criterion, some elementary-secondary demonstration programs seem to have fallen short. The Rand Change Agent study indicated that seed-money projects seldom garnered long-term local support for continuation (Berman & McLaughlin, 1978). On the other hand, the Fund for Improvement of Postsecondary Education (FIPSE) seems to have achieved a much higher success rate, perhaps through its rigorous screening of applications (Pelavin, Hayward, & Pelavin, 1980).

Dissemination programs have intended to diffuse the results of R&D or of local development into general currency. By the standard of increasing educators' awareness and use of new knowledge, some of the programs have done well. A program modeled on the Agricultural Extension Service increased its clients' exposure to new ideas (Sieber, Louis, & Metzger, 1972). The National Diffusion Network (NDN), which disseminates a repertoire of exemplary projects, has generated considerable enthusiasm among its clients (Emrick, 1977), half of whom report that the adoption of an NDN project has substantially changed their curriculum (Surveys & Investigations Staff, 1981).

Another aim of dissemination programs has been to build support systems for ongoing local improvement. State education agencies and regional laboratories have apparently taken on the mission of dissemination to an increasing extent, thanks to Federal support for this mission (see Royster, Madey, Decad, & Baker, 1981).

In supporting *technical assistance*, the Federal Government has pursued a number of goals related to educational improvement. The assistance is intended to diffuse knowledge; the providers of assistance may constitute a stable, helpful source of aid in improvement, and local capacity is expected to be built by the assistance. These goals were all espoused by the R&D Utilization program, which produced good local results (Louis, Rosenblum, & Molitor, 1981).

The Federal role in *staff development* has been limited and will decline to an even lower level with the termination of several staff-development programs. History suggests, however, that some efforts to build capacity at the school-building level have paid off—when in-service training sessions include several teachers from the same building (Berman & McLaughlin, 1978), and when the training staff is available over time to work as a support system (Mann, 1976). Again, the combination of two goals—building a support system and building local capacity—seems to have worked out well.

On the activity reflected in Chapter 2 of the Education Consolidation and Improvement Act (ECIA), that of providing ***block grants*** to all districts with little or no outside intervention necessarily forthcoming, there is little research evidence. The Federal Government has not taken the block grant approach to educational improvement in the past. Reviewing the evidence on implementation of block grants, the Advisory Commission on Intergovernmental Relations (ACIR) has concluded that block grants often further the Federal aims of decentralizing decision making, achieving management economies and efficiencies, and coordinating related activities at the service-delivery level. On the other hand, there is little evidence that block grants stimulate innovation (Advisory Commission on Intergovernmental Relations, 1977).

CONCLUSIONS

This brief review has illustrated the diversity of research and evaluation questions brought to bear on Federal activities for educational improvement. No simple summing-up is possible when each group of evaluators applies different criteria for the effectiveness of the activities assessed, and especially when it is generally conceded that many activities have only indirect, cumulative effects on the quality of education. With that caveat, however, I will venture some overall observations about Federal policy choices.

The evidence suggests that the policy balance should shift toward the support of home-grown improvements. Schools, districts, and institutions need the capacity to adapt and refine their current practices. At the same time, efforts to improve the technological base of education should not be entirely abandoned. The Abt study of the RDU, as well as the popularity of the National Diffusion Network, testify to the benefits that may be derived from the diffusion of new knowledge.

On the issue of how much outside intervention should be brought to bear on local improvement, combinations of several kinds of intervention seem especially useful in contributing to the magnitude, quality, and permanence of educational improvement.

Finally, one recent trend among professionals who work to support school improvement is striking. Increasingly, people outside the schools are working with people inside them, interactively devising solutions to multiple problems identified locally. This decentralizing trend seems well supported by evidence on the disappointing histories of centralized curriculum development, massive national evaluations, and so on. One challenge for the future, however, will be to refine the techniques used in working with educators. In particular, the cost of these long-term, interactive ventures must be carefully assessed and efficient approaches devised.

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STRATEGIES FOR EDUCATIONAL POLICIES: COMPLIANCE AND INCENTIVES

Erwin C. Hargrove

The effective exercise of governmental authority in a democratic society cannot be based solely on hierarchial commands. Compliance with law, regulation, and directives is achieved only when those who are asked to comply accept the legitimacy of authoritative requests. The possibilities for evasion are too great in a polity with as many political, judicial, and organizational courts of appeal as are provided by the structure of American government. However, it does not follow that law is lacking in force or that administrative hierarchies which enforce laws are totally dependent upon good will for their effectiveness. Coercion in behalf of law is a necessary ingredient of governmental authority.

The difficult question is to determine the appropriate mix of coercion and persuasion. Administrators must devise rules for compliance which satisfy key political actors. This is a very different task from that of devising a mix of implementation strategies which are calculated to be effective. The question of appropriate strategies is thus a fertile one for policy analysis. If one can develop reliable knowledge about such questions, that is drawn from concrete historical experience, it may be useful to policymakers who borrow ideas rather than develop them.

One point of departure is the recognition that the Federal Government relies on both command and persuasion, sometimes separately and often in combination. We will use the terms "compliance" and "incentives" to describe these two strategies. The dictionary defines compliance as a

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"complying, or giving in to a request, wish, demand, acquiescence." The term incentive is defined as "something that stimulates one to take action, work harder, ... stimulus, encouragement" (*Webster's New World Dictionary of the American Language*, 1979).

Compliance strategies of the Federal Government are those based on authoritative orders to lower units of government who carry out Federal directives. By implication, orders must be enforced and punishment must ensue if there is noncompliance. Strategies based on incentives are those which induce lower units of government to adhere to Federal requests by appeal to their perceived personal or collective self-interest.

The strategic goal of the Federal Government is to hold State and local governments accountable for implementing Federal policy. However, the ambiguity of many policies and the fact that most programs have multiple and/or conflicting purposes creates uncertainty and disagreement about appropriate implementation strategies. Recognizing that the governmental actors may differ in their definitions of adequate implementation, we define the term to have two minimal requirements. First, the actions required by the law are carried out; and second, those actions encompass both formal compliance with the law and organizational routines consistent with compliance.

Different policy issues will cause different sets of participants to become active in the efforts to shape policy and implementation. Based on statutory language, Federal educational activities can be placed into three categories: distributive, regulatory, and redistributive programs.

Programs which have the manifest objective of improving educational practices [e.g., the former Title III and Title V of the Elementary and Secondary Education Act (ESEA)] may be characterized as *distributive*. Programs of this type are justified as creating public goods from which the entire community benefits. There are no sanctions except punishment for misappropriating funds.

Regulatory programs are those which have the manifest objective of eliminating discrimination (e.g., Title VI of the Civil Rights Act of 1964). Such measures are regulatory in that they embody rules of conduct with sanctions in reserve for failure to comply.

Programs which have the objective of improving instructional services for specific categories of students are called *redistributive*. These programs [e.g., Chapter 1, Education Consolidation and Improvement Act (ECIA), formerly Title I, ESEA, and P.L. 94-142, the Education for All Handicapped Children Act] specify categories of citizens who are to receive benefits or services according to specific rules.

Regulatory and redistributive programs in education involve both regulation and services. The difference is one of emphasis. Regulatory programs specify rules of nondiscrimination, with particular attention to opportunity. Redistributive programs prescribe services. There is a regulatory component to such service delivery insofar as State and local governments are formally accountable to the Federal Government for conforming to regulations.

The distributive principle in redistributive programs is seen in a broadening of beneficiaries in order to achieve increased political support. This may also involve a relaxation of accountability in the form of minimal rules and provide a greater ambiguity of policy goals.

The implementation of programs within each of these broad categories differs. This approximate balance of sanctions and incentives is thereby different for each type of policy.

DISTRIBUTIVE PROGRAMS

Efforts by the Federal Government to improve the quality of educational instruction have primarily consisted of financial inducements to adopt curricular innovations or to undertake innovative educational planning. Questions of sanctions for failure to comply have never arisen because there is no mandate. The question therefore becomes whether there are more or less effective strategies of inducement.

In examining the implementation of four Federal programs that fall into the distributive classification, Berman and McLaughlin (1975) distinguish actual implementation from pro forma adoption. They found a process of "mutual adaptation" in which the general ideas of the programs were fitted to local conditions. Where adaptation did not take place, the projects were not implemented at all. Although it is unclear from their findings whether an effective role in fostering implementation is beyond the Federal Government's capacity, they concluded that the Federal Government cannot stimulate educational change by simply offering innovations for adoption.

Datta (1977) argues that the Berman and McLaughlin study does not provide sufficient evidence against the efficacy of a strong Federal role in directing educational change. She maintains that Federal efforts at directed change through targeted demonstration programs and strong infusions of technical assistance will succeed. The central question is whether Federal strategies of directed change which effectively appeal to local incentives can be found.

The evidence suggests that school systems will adopt curricular innovations (e.g., new mathematics or in-service training) but will resist changes requiring the alteration of organizational structure. Thus prescriptions for more focused and concentrated Federal efforts to introduce such innovations (e.g., instruction outside the classroom or vouchers), even if tied to rewards, might stimulate only superficial change. Experience suggests that Federal methods for nurturing local acceptance of radical innovations is very limited and probably beyond the capacity of distributive, regulatory and redistributive programs.

REGULATORY PROGRAMS

Regulatory programs are characterized by active support of organized groups, tacit support from diffuse publics, and varying degrees of opposition by those regulated. The most crucial factor in securing the compliance of those regulated by government policy and rules is the continued strength of public support for the policy.

A major difficulty in the implementation of regulatory measures arises from the Congressional practice of passing broad, general statutes which contain little guidance on priorities or stipulations of appropriate and effective methods of implementation. The difficult questions of implementation are then passed to the Federal bureaucracy which must resolve priorities and develop strategies.

Another source of regulatory difficulty can be found in the recognition that the rules must be constructively joined to the organizational incentives of those responsible for regulation, or a great deal of slippage between intent and achievement will occur.

When all three conditions are present—clarity of purpose in the statute, strong public support, and organizational manageability of implementation—the policies are likely to be successfully implemented. Where absent or only partially present, implementation is likely to be more problematic. The following experiences illustrate the validity of these propositions.

A Success Story: Southern Desegregation

Title VI of the 1964 Civil Rights Act, empowering the Federal Government to withhold funds to school districts which segregate by race caused little controversy when it passed because Federal money for education was so limited. Passage of ESEA in 1965, however, provided the Federal Government with a sufficient sanction, i.e., withholding Federal funds necessary to ensure the integration of southern schools.

Yudof's (1981) analysis of Title VI implementation concludes that the southern desegregation experience demonstrates that hierarchically imposed rules can work, in large measure because southern school desegregation met all three conditions for full implementation: 1) the language of the statutory and regulatory intent was clear—there was to be no more de jure racial segregation; 2) the nation supported Federal desegregation efforts—although support eroded when the goals were applied to northern schools; and 3) southern school desegregation was administratively manageable—children of different races could be placed together and racial enrollment data was a sufficient guide.

A Story of Mixed Success: Northern Desegregation

Northern school desegregation has been more difficult to achieve for a number of reasons. It is harder to prove deliberate de facto discrimination than it is to find de jure offenses; and northern educators have been more willing to appeal and fight desegregation orders, leading to long delays, because they have been on stronger political grounds than their southern colleagues.

We find the three propositions to be much weaker in the northern case than in southern desegregation: 1) the goals of the policy are less clear because of the difficulty of defining and detecting de facto segregation; 2) public support for desegregation through busing is minimal—Congressional restrictions were placed on the use of forced busing for desegregation purposes; and 3) there are many intractable administrative problems which are rooted in the urban environment—there are fewer white students in northern public schools to attend schools with black students than in the South.

Based on the experience with northern school desegregation, Yudof's praise of rule enforcement by administrative hierarchy must be qualified. It works only when there is adequate political support and when the solution is appropriate to the objective of the program.

Qualified Failure: Women, the Handicapped, and Desegregating Higher Education

Title VI of the 1964 Civil Rights Act was a model for passage of both Title IX of the Education Amendments of 1972, forbidding sex discrimination, and Section 504 of the Rehabilitation Act of 1973, prohibiting discrimination against the physically handicapped. Unlike the Civil Rights Act, however, which was enacted as a result of a strong and genuine social movement, Title IX and Section 504 were not accompanied by a national mandate.

There are other difficulties in implementing these laws. Neither is so clear nor specific in its statutory defined goals as is Title VI. The language of Title IX is so broad, for example, that it encompasses all school activities ranging from employment, athletics, and dress codes to student housing. The universe of infractions is so great that one does not know where to begin to assess their relative importance, nor is it feasible to monitor such a broad range of activity.

An even more complex problem has arisen in Federal efforts to require States to achieve parity between traditionally black and white colleges and universities under Title VI. In 1977 the Federal Court of Appeals held in *Adams v. Califano* that the Federal Government was not doing enough to apply Title VI to the desegregation of higher education. As a result of this court decision, the Department of Health, Education, and Welfare (HEW) formulated *Adams* guidelines and directed them towards 19 States threatening funds termination unless the guidelines were followed (Smylie, 1980).

The goals of the guidelines are to overcome past discrimination in such a way that students and faculty members are attracted to institutions for the programs they offer rather than their historical identity as either a "black" or "white" college. In other words, black colleges were to receive additional resources and offer new programs, and faculties were to be desegregated.

Much of the behavior toward which the guidelines were directed may go beyond the capacity of Federal or State governments, or even university administrators to influence. White students cannot be forced to attend predominantly black colleges, nor can white faculty be required to teach in such schools. In addition black colleges often wish to maintain their historic identities, and this may also be the preference of their students and faculties.

The experience with Title IX, Section 504 and the *Adams* guidelines underscores the importance of clear and practical statutory language which can be effectively administered. Moreover, if one accepts the desirability of desegregation in higher education it would seem far more practical for Federal guidelines to identify realistic, marginal changes which can be achieved and which will set long-term trends in motion toward fuller desegregation.

REDISTRIBUTIVE PROGRAMS

The difference between redistributive and regulatory programs is one of focus. Although both require organizational responses and implementing institutions, regulatory programs require new patterns of equity and access, while redistributive programs require new patterns of instruction. Similar to distributive and regulatory programs, redistributive programs have the same requirements for organizational change and mutual adaptation, also raising questions about the efficacy of Federal leverage to influence the routines of grass roots organizations. The two major examples of redistributive programs in education are Title I of ESEA, now Chapter 1 of the Education Consolidation and Improvement Act (ECIA), and P.L. 94-142, the Education for All Handicapped Children Act.

A Modest Success Story: Title I of ESEA

The purpose of Title I, now Chapter 1 of ECIA, is to provide compensatory instruction for disadvantaged students. The great struggle of implementation has been to target funds on the most disadvantaged areas rather than have the money used as general aid for a larger number of school districts. Although the political incentives of members of Congress and State and local educational administrators has provided a powerful push in the distributive direction, the Federal Government, with support from compensatory education advocates, has been able to maintain Title I's redistributive focus (Kirst and Jung, 1980).

In an analysis of Title I implementation, Hill (1979) offers a theory for effective compliance. He argues that success rests on two management systems. The first consists of a centralized and formalized enforcement effort that tells the States and localities how they must use funds and staff in order to comply with the law, and threatens to withhold Federal funds if Federal rules are not followed.

The second more informal system reinforces the first. It is based on the networks of State and local officials whose careers depend upon the continuance and implementation of the program. The instruments available to these "advocates" include the threat of public audit, the building of coalitions with local watchdog groups, and offers of technical assistance.

Hill contends that these informal forces give bite to the formal regulations and the actual regulations are invoked through the informal system.

He concludes that formal regulation, by itself, will not be sufficient unless it is joined to informal strategies which activate the professional incentives of local monitors and school administrators.

Elmore (1981) suggests that the history of the implementation of ESEA is one of displacement of the broad objectives of effective compensatory education by narrow compliance goals. The increasing tendency is to define Federal "strength" in terms of the ability to induce specific responses at the local level, rather than the ability to improve the competence, adaptability and responsiveness of States and localities. He concludes that the stimulation of educational services of high quality is beyond the reach of Federal regulation. The successes documented by Hill and others are perhaps hollow victories because compliance does not equal effective teaching.

An Uncertain Future: P.L. 94-142

Elmore elaborates the argument made by Wise (1979) that Federal policies do not contain the knowledge required for their own success and that this is the Achilles' heel of compliance strategies. In P.L. 94-142, the Education for All Handicapped Children Act of 1975, the Federal Government created a legal right to treatment for a specific population and prescribed due process procedures for identifying, placing and teaching these students. The responsibilities for developing effective educational treatments for handicapped children, however, was left to the local schools which had been accused of neglect by advocates.

The strategy of increased enforcement of due process regulations makes little contribution to the search for effective treatment strategies. The real task of implementation is to mobilize the professional knowledge of local practitioners in the service of national policy. This is different from Federal agents building local alliances to ensure compliance. The question, under P.L. 94-142, now becomes how to strengthen local professional capacities to deal with Federal mandates.

The passage of laws like P.L. 94-142 assumes the existence of educational technologies for instruction, a knowledge possessed by local professionals. However, this is often not the case. For example, most formal knowledge about the instruction of mentally handicapped children has been developed in university settings by special education researchers under controlled conditions. A law which urges the integration of mildly handicapped children into regular schools and classrooms, such as P.L. 94-142, presents teachers with genuine dilemmas on how to organize and conduct instruction (Hargrove et al, 1981).

A case study by Hargrove and associates (1981) of the implementation of P.L. 94-142 in the elementary schools of one metropolitan school system found a wide gap between compliance with due process provisions of the law and regulations, and professional knowledge about effective modes of implementation. The primary attention of school administrators, in both general and special education, was in institutionalizing due process procedures. Very little systematic thought was given to the development of effective implementation strategies.. Technical assistance on questions of instruction dealt with the problems of individual children rather than with collaboration between regular and special educators about how the education of handicapped children might be integrated into the regular school program. The result was that effective implementation, i.e., the development of plans to incorporate the handicapped into the mainstream of the school, varied greatly across the district. The schools which approached this goal had principals who were instructional leaders on educational matters, high degrees of teacher interaction and collaboration, and greater variety of programmatic options than most schools.

Stearns et al (1980) studied the implementation of P.L. 94-142 in 22 diverse school districts and uncovered similar findings with the conclusion that compliance does not equal implementation. It is one thing to set procedures in place and it is quite another to have procedures incorporated into school routines. The conclusion was that the implementation of the law should move into a new phase in which Federal and State agencies put less emphasis on compliance and monitoring and give greater attention to developing strategies for enhancing local institutional capacities.

This conclusion matches that of Yudof (1981) about the stages of implementation of regulatory programs. The exercise of authoritative law secures compliance in the first task of desegregation, which is simply to bring black and white children together, but in the "second generation" problems of school desegregation, orders from courts or Federal agencies are too blunt an instrument. Federal authorities must enlist the cooperation of school districts in the development of plans which will deal with more complex problems than the physical mixing of races. Such plans must include tracking, grade structure, bilingual education, compensatory education, availability of vocational programs and student counseling. These are the kinds of local capabilities which will make both desegregation and compensatory education a reality.

CONCLUSIONS

Examination of the dynamics of implementation for three kinds of policies—distributive, regulatory, redistributive—has led to like conclusions in each instance. The Federal Government can disseminate information, set forth regulations and target money for services in ways that will create structures for the improvement of educational programs. However, in each case Federal influence is limited by the factors of local will and capacity to build on those structures for greater quality. Those school systems which possess the ability and predisposition to do so were ready before Federal intervention. The laggards do not easily change in response to a Federal role.

Federal demands for compliance are a necessary but insufficient condition for implementation. The question is whether it is the appropriate province of the Federal Government to attempt to strengthen strategies of enhancement of local institutional capacities. If one concludes that this is too much to ask of a central government in a continental nation, then federalism takes a new turn. One can still find a legitimate place for Federally sponsored research and development, evaluation and dissemination of findings. Of course, manageable regulatory responsibilities could continue so long as there is a political commitment to programs requiring such actions.

The basic question is very difficult to answer. Should and could the Federal Government make positive efforts to influence State and local political and organizational incentives so that institutional capacities are strengthened? If so, what kinds of strategies would be appropriate? This is a very large subject which would require a second paper. An appropriate conclusion to this paper would be to sharpen the prescriptions which emerge from the analysis of each type of policy:

- Policies for general educational improvement would be enhanced by Federal strategies of technical assistance to State and local agencies. An authoritative Federal role is both inappropriate and ineffective.
- Compliance with Federal regulatory measures would be increased to the degree that statutes and the regulations clearly rank priorities. Such regulations are more likely to be implemented if they combine the fear of sanctions with positive inducements to the incentives of implementors.
- Redistributive programs would be improved in their implementation if the Federal role would shift toward technical assistance without

> abandoning a commitment to compliance. The sanction of law in the background is necessary but not sufficient to fulfill Federal responsibilities for the implementation of programs. A balanced commitment to enforcement and implementation through technical assistance would permit informal differential treatment of the States by Federal authorities. For example, State "A" might require a strong emphasis upon compliance with the law whereas State "B" may be in compliance but wish to receive substantive help. Formal differential treatment of States is not politically realistic but a variety of informal strategies, according to the degree of State and local institutional capacities, might be acceptable.

These prescriptions require a shift from complex, detailed Federal regulations to broader grants of authority to State governments within clear guidelines which enunciate national goals. This implies the importance of increasing State and local latitude to invent appropriate implementation strategies which are consistent with Federal guidelines. Such cooperative intergovernmental relations would strengthen American federalism.

A skeptic may ask whether American politics will permit such a steady course. We seem to swing in our politics from crash programs of Federal commitment, which lead to overload and incapacity, to periods of discouragement and passivity in which the Federal role is deprecated. We seem to be entering such a period now in education and other areas of social policy. The question remains: can our politics sustain the gradual evolution of constructive intergovernmental relations? Professional commitment and capacities among Federal managers will be needed to implement such constructive relationships.

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AN ALTERNATIVE FRAMEWORK FOR FEDERAL-STATE PROGRAMS: CONSOLIDATED AND BLOCK GRANTS

The Effects of Block Grants:
Lessons from Experience
Harold Wolman

A Framework for Education Consolidation
Paul T. Hill

SEA Response to Consolidation of
Federal Education Programs
Glenn Shive
Charles L. Thompson

" . . . . while there is no *necessary* relationship between block grants and distribution patterns, it is likely that central cities will suffer a reduction in funds relative to suburbs by shifting from categorical to block grants."

—Harold Wolman

"As many State and local officials are now learning, reduction in Federal regulation and oversight creates compensating increases in local political and legal pressures."

—Paul T. Hill

"ECIA increases SEA discretion only marginally. That is, SEAs will have increased discretion over very little money."

—Glenn Shive and Charles L. Thompson

AN ALTERNATIVE FRAMEWORK FOR FEDERAL-STATE PROGRAMS: CONSOLIDATED AND BLOCK GRANTS

In recent years there has been an increasing amount of criticism of the Federal categorical program structure. Most of the criticism focuses on the perceived problems of using multiple categorical programs to finance education services—fragmentation of educational services, limitation of State and local discretion, burdensome paperwork, overlapping and often contradictory regulations, and ineffective fiscal controls. Other criticism of the categorical structure centers on the inefficiency of Federal enforcement efforts, lack of emphasis on improving educational outcomes and practices, and the uniform application of Federal requirements.

Consolidating categorical programs into a block grant has been a frequently proposed alternative to categorical aid. The purpose behind block grants is to decentralize fiscal and political authority by allowing recipient governments more discretion in spending Federal monies within broad functional areas, simplifying administrative procedures associated with grants, and enhancing program coordination. Block and consolidated grants are not, however, necessarily the same. Although consolidating categoricals into a larger grant may simplify program operations, it need not increase recipient discretion or reduce the intrusiveness of Federal strings—both requirements of a block grant.

Enactment of Chapter 2 of the Education Consolidation and Improvement Act (ECIA) in 1981 signaled the first broad-based block grant in education. This Chapter consolidated about 30 small categorical programs into one block grant to the States. Chapter 1 of this legislation (compensatory education aid) replaced Title 1 of ESEA, retaining most of the requirements. ECIA did not, however, consolidate the major education programs such as the Education for All Handicapped Children Act (P.L. 94-142) and the Bilingual Education Act (ESEA, Title VII).

Consolidation of these major education programs into State block grants would have a profound effect on the States. Decisions currently made at the Federal level (e.g., allocating funds among different special needs populations) would become State responsibilities and would make the States the focal point of interest group activity. State policymakers would have to adapt to fiscal, administrative, and programmatic changes and the effects these changes would have in turn upon the surrounding institutional and political environment.

To date there has been relatively little use of block grants in education. The first education block grant was created when Congress, responding to President Nixon's threatened veto of the 1974 Education Amendments, merged seven small programs into two programs under a new Title IV of the Elementary and Secondary Education Act (ESEA). In 1976 Congress refused to approve President Ford's block grant proposal, but agreed to consolidate most of the programs authorized by the Vocational Education Act.

The Title IV and Vocational Education consolidations, however, are not reliable indicators of what might occur under a consolidation of the major education programs. The programs merged under Title IV, for example, had relatively weak constituencies and were probably selected for inclusion in order not to upset the major educational interest groups. Because the States far outspend the Federal Government for vocational education, and certain set-asides for targeted populations were retained, the effect of the Vocational Education consolidation was minimal. There is, however, more extensive experience with block grants in other functional areas, including health, law enforcement, manpower, and housing, some of which may prove relevant for consolidating education programs.

The papers in this section examine consolidated and block grants as an alternative to the categorical program structure. Harold Wolman studies the effects of five Federal block grants that existed prior to the fiscal year 1982 budget reconciliation process—the Community Development Block Grant (CDBG), the Comprehensive Employment and Training Act (CETA), the Partnership for Health Act, the Safe Streets Act, and Title XX of the Social Security Act. Despite differences in the structure, provisions, and funding levels for each of these grants, Wolman is able to make generalizations about the fiscal, economic, and intergovernmental effects of block grants. His discussion of State and local decision making processes, administrative practices, and State political systems vis-a-vis block grants, offers insight into changes in State and local systems that are likely to result from the enactment of block grants.

A framework for consolidating Federal education programs is discussed by Paul Hill. His paper examines the range of options available to policymakers if the existing program structure is replaced by consolidated/block grants. Hill points out that consolidation may occur not only at the State level, but also at the district and school levels. He reviews the various accountability devices which policymakers have to choose from when allocating responsibility to other levels and the consequences of adopting the different mechanisms under a block grant to each of the levels. The paper concludes with an examination of possible consolidation packages—block grants to different levels of government using different control devices—and assesses the workability of each combination.

Glenn Shive and Charles Thompson compare and contrast the response of State education agencies to the comprehensive Reagan Administration education block grant proposal and to Chapter 2 of ECIA. They use a systems approach to assess how consolidation is likely to affect the combination of internal and external pressures that influence SEA policymaking. Shive and Thompson classify two types of SEAs: 1) maintenance agencies, whose primary orientation is toward stabilizing routines and carrying out basic functions; and 2) development agencies, which are concerned with a more substantive agenda for action and change. The effect of grant consolidation on SEAs, Shive and Thompson maintain, will be determined by the array of relationships which form an SEA's institutional environment (*i.e.*, SEA-State legislature, SEA-interest groups, SEA-courts), and factors internal to the SEA (*i.e.*, organizational structure and executive leadership). They conclude by speculating on the probable responses of both "maintenance" and "development" SEAs to both radical and more moderate consolidation of Federal education programs.

THE EFFECTS OF BLOCK GRANTS: LESSONS FROM EXPERIENCE

Harold Wolman

In the most general terms, block grants are expected to eliminate most of the problems associated with categorical grants. The objectives of block grants include decentralization of decision making and greater local control, less distortion of local priorities, minimization of the paperwork burden on recipients, and more equitable distribution of funds among recipients; certainty in the receipt of funds; strengthening of the locally elected officials; better and more rational budgeting, planning, and coordination among programs; and administrative cost savings through the elimination of duplicative and burdensome requirements associated with categorical grants.

This paper will examine the effect of block grants and, in particular, the effect of moving from categorical to block grants. With the exception of the Omnibus Crime Control and Safe Streets Act, the existing Federal block grants which provide the basis for observations all resulted from consolidation and/or revision of existing grant programs. (This analysis does not include block grants created during the 1981 budget reconciliation process.) Federal programs usually considered as block grants include the Community Development Block Grant (CDBG), the Comprehensive Employment and Training Act (CETA), the Partnership for Health Program, the Safe Streets Act, and Title XX of the Social Security Act (Social Services). These block grants differ substantially among themselves and

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their implementation has differed according to the policy preferences of the administrators (CDBG, for example, was administered by the Carter administration so as to target benefits much more on low-income groups than had been the case in the Ford administration). Despite differences in funding formulas, the amount of funds involved, and the extent to which recipients had participated under the unconsolidated programs, general tendencies can be identified by reviewing experience with existing block grant mechanisms.

THE EFFECTS OF BLOCK GRANTS: FISCAL, ECONOMIC AND INTERGOVERNMENTAL

What kinds of "effects" of block grants should be of interest? The extent to which a grant stimulates and/or substitutes for State or local spending (either in the aggregate or for particular functional areas) is of obvious interest. However, in addition to the spending effects, there are a variety of other areas of fiscal concern: changes in the allocation of funds among programs and services within functional areas, changes in the geographical distribution of funds among regions and between central cities and suburbs, changes in the distribution of benefits among different service recipient groups and income classes, and the effect on overall Federal resource commitment.

An examination of governmental and political consequences is also appropriate: How do block grants affect the locus of decision making, degree of local autonomy and extent of Federal influence? And how, in turn, do changes in the above affect the level of spending, the allocation of funds among programs and activities, and the distribution of benefits among recipient groups?

Fiscal Impact

Studies of the fiscal impact of grants are concerned with the extent to which a dollar increase in aid affects the total spending (own source plus grant) of the recipient organization. A dollar increase in aid is considered stimulative if it increases total spending by recipient governments on aided functions. Aid is substitutive to the extent that the recipient governments use the aid to reduce taxes or borrowing. A dollar increase in aid which results in no increase in recipient spending would be completely substitutive.

According to the basic economic theory of grants, different types of grants should have different types of effects (Gramlich, 1979; Oates, 1979; Break, 1980; Whitman and Cline, 1979; and James and Wolman, 1981). Although there are a number of defects in the basic economic theory of grants-in-aid, the empirical work on grant impact tends to support the hypothesis deduced from grant theory. Generally, a one dollar increase in categorical matching aid results in a larger increase in overall local expenditures than a one dollar increase in general aid would (Gramlich, 1979; Barro, 1978).

Geographic Distribution Effects

Shifting from categorical grants to a block grant may affect the relative distribution of funds among regions, among States, and among central city, suburban, and rural areas. It may also affect the absolute amount of funds received by any particular recipient and by classes of recipients. The actual impact will depend upon the relationship of the block grant distribution formula to the actual pattern of distribution resulting from the categorical grants replaced or consolidated.

If the block grant replaces closed-end categorical grants distributed on a competitive basis, the change in distribution patterns will depend upon whether a particular geographic class of recipients (e.g., central cities) was particularly advantaged by the distribution of funds resulting from the application of Federal discretion. Clearly, if the switch to a formula entitlement block grant greatly increases the number of recipients receiving aid without correspondingly increasing the total funding, then recipients receiving aid will almost certainly receive lower absolute amounts of aid than would have been the case under the categorical system. If block grants are created from open-ended or formula-based categorical grants then any change in distribution patterns will depend on how the new formula compares with the formula implied in the previous pattern of distribution.

This suggests that while there is no *necessary* relationship between block grants and distribution patterns, it is likely that central cities will suffer a reduction in funds relative to suburbs by shifting from categorical to block grants. The Advisory Commission on Intergovernmental Relations (ACIR) notes:

> Significant shifts often occur in . . . . areas served during the transition from a categorical to a block grant mode of operation,

regardless of whether hold-harmless provisions are included. If the experiences of crime control, manpower, and community development block grants are valid indicators, then a movement of funds to suburban areas and county governments can be expected (ACIR, A-60, 1977).

Program Allocation and Distribution of Benefits

Studies of the existing block grant programs suggest that a shift in program priorities does accompany a change to block grant structures although the extent of the shift and the rapidity with which it occurs have varied considerably. In nearly every case the shift represents a "spreading" effect; activities shifted away from those targeted problems affecting specific but relatively small groups of people to activities affecting a much broader and diverse clientele.

Since the transformation of categorical to block grants may involve changes in the geographic distribution of funds, the allocation of funds among activities within the functional area, and the decision process with respect to how the funds are used, it is not surprising to observe changes in the distribution of benefits among recipient groups (by income, race, sex, etc.) as well. Critics of block grants assert that greater local discretion provided by block grants results in a shift in the distribution of benefits away from the most needy groups (Van Horn, 1978). However, in some cases, this result has been mitigated over time by administrative or legislative changes intended to refocus benefits on the special need groups.

Effect on Local Flexibility and Federal Control

The rhetoric of block grants suggests that they are expected to accomplish a decentralization of decision making which results in less local dependence on the Federal Government, greater local autonomy, and reduced Federal influence and control over decision making. It is extremely difficult to evaluate or measure these effects since, in many cases, the concepts are ambiguous and ill defined. Nonetheless, there is widespread agreement that block grants have led to a decentralization of decision making, giving recipient governments greater discretion in the use of funds and have reduced Federal influence over how the funds are spent (Anton, 1980; Dommel et al., 1978; ACIR, A-60, 1977).

Other studies of block grants indicate that the very fact of increased local discretion with respect to allocation of Federal funds may lead to increased local "dependence" on Federal revenues (Mirengoff and Rindler, 1978; ACIR, A-56, 1977). This is because recipients have come to support a greater percentage of their basic services through Federal revenues (Kirlin, 1978; Lovell, 1979; Hudson, 1980). As a consequence they are at much greater risk from Federal cutbacks than they were in the era of categoricals.

Decentralization of decision making is likely to affect the nature of decisions about the types of activities to be undertaken and who benefits from them. Van Horn (1978) explains that restricting the scope of conflict to the local level will tend to produce distributive outcomes for more powerful local groups. The broader scope of conflict at the national level inevitably breaks up old local power complexes. The disadvantaged will fare better when the goals are set nationally. Mayors and other locally elected officials can abide restrictive mandates about target groups; but when faced with ambiguous mandates, they opt for the more influential groups within the community. Decentralization through block grants thus implies a conflict of objectives between local and national objectives which is at the heart of the debate about block grants. Selma Mushkin (1960) stated the nature of this conflict:

> Wide latitude in use of Federal grant monies is consistent with an objective of national support of functions administered by the States and local governments. It is not consistent, however, with a national objective of directing public services into specific channels. (p.205)

As this conflict has emerged, sometimes as early as in the legislative consideration of the block grant, the Federal Government has made efforts to refocus the block grant on national objectives. These efforts to target the block grant more on national objectives are seen by some as an inevitable recategorization resulting from the tension between differences in national and local objectives.

ACIR's review of block grant programs suggests that as block grants age, they become subject to a creeping recategorization (ACIR, A-60, 1977). The net effect of Congressional, interest group, and administrative efforts to emphasize specific national priorities, guarantee funding of popular programs, or raise appropriation levels is to curb the flexibility of recipients over the use of funds. This phenomenon appears to be a significant factor in understanding the 'life cycle' of such grants.

The block grant programs also require submission of plans with varying degrees of substantive Federal approval and requirements for citizen participation. The nature of these provisions and the accommodations they reflect between national and local objectives change over time. At this point, it is unclear the extent to which changes over time in these accommodations result from the dynamics of interest group pressure on Congress and local authorities which inevitably lead toward recategorization. The trend in the existing block grant programs from their inception through the end of the Carter Administration appeared to be a tendency—but not a universal or continuous one—toward an increase over time in the degree of Federal influence.

Federal Budget Control

It has been argued that block grant programs may increase the capacity of the Federal Government to control its spending. Lower Federal resource commitment might be expected because of the change in interest group realignment. Interest groups lobby vigorously for the categorical programs with which they are concerned, knowing that they will receive nearly the total benefit from any increased appropriation. However, block grants diffuse the political constituency. A single interest group cannot be certain that it will gain the benefits of an increase in block grant appropriation; indeed, the decision concerning who will benefit is now decentralized to the State and local recipients. As a consequence, a number of advocates of block grants expect lobbying efforts at the Federal level to slacken and, over time, appropriations to drop relative to what they would have been under a system of categorical grants.

However, block grant funds are often more valuable to State and local officials than is aid provided under blocked categorical programs, because the funds generally permit greater local flexibility and control. It is to be expected that lobbying by State and local governments for Federal aid may grow relative to lobbying by special interest groups as a result of the consolidation of categorical programs into block grants.

It appears that initially the transformation from a categorical to a block grant program has increased funding. This result flows from the political dynamics of enactment which have generally required the incorporation of substantial "hold harmless" elements to protect the previous funding levels of existing recipients. However, as hold harmless levels phase out or are eroded by inflation, the level of the block grant appropriations does appear to lag.

THE EFFECTS OF BLOCK GRANTS ON STATE AND LOCAL SYSTEMS

The arguments frequently directed at the system of categorical grants represent an implicit critique of representative government at the State and local levels. They imply that the decisions with respect to these programs are not determined by the local citizenry through their elected representatives. Instead, the categorical programs are said to lodge local decision making authority either with special districts not responsible to the local electorate or with functional agencies or local bureaucracies who are linked more closely with Federal counterparts than with elected local officials. To what extent has transformation to block grants strengthened representative government at the State and local levels? How have the changes brought about by block grants affected local political decision making, the nature of activities undertaken and the distribution of benefits?

Effect on State and Local Decision Making

Studies of the existing Federal block grant programs indicate that the formal locus of decision making has moved away from special authorities and Federal or State education agencies to general purpose units of government. This change was specified in the legislation itself; all of the existing block grants specify the general purpose unit of government as the block grant recipient.

The decentralization of decision making authority has resulted in an increase in the decision making role of elected officials, particularly at the local level (and particularly chief executives). The increase in the resources to be effectively allocated at the local level has also led to a broadening of participation by local groups, thus politicizing the grant allocation process at the local level and forcing elected officials to become more involved in the process. The result has been an intensification of political conflict at the local level. The "spreading" of grant funds to a wider range of neighborhoods, recipient groups, and activities has made local politicians respond to their broad constituencies rather than to the more discrete groups on which the categorical grants were focused.

The advent of block grants has changed the relative influence of various groups in the decision making process as well as the locus of decision making. This has occurred for two reasons. First, the relative influence of various groups is not the same at the national level as at the State or local level.

Secondly, increased participation at the State and local levels has attracted new groups into the previously relatively closed local decision making process. The increased participation has, not surprisingly, emanated from organized groups with specific interests rather than from the broad range of general public (Van Horn, 1978). The increased role of the elected chief executive, combined with increased flexibility and broader participation has thus led to the "spreading" of benefits and the consequent redistribution away from disadvantaged groups discussed earlier. The same processes have also made it difficult to focus funds on large projects in a specific geographic area. Block grant politics at the State and local levels are thus distributive politics; the political dynamics facing elected politicians impel them to distribute some resources to each of the various competing neighborhoods and groups. This is the traditional pork barrel approach.

In the response to this, "loser" groups at the State and local levels have turned their efforts to the Federal Government in order to capture a greater share of the local benefits. This process has resulted, through new programs and earmarking, in a form of "recategorization."

Effect on State and Local Administration and Management Practices

The argument for block grants includes a variety of administrative benefits to be derived from the recipients of Federal aid, including reduced red tape, better planning and coordination, and more rational budgeting. Surprisingly, the evidence on these questions from studies of the exisiting block grants is unclear.

First, block grants have encouraged and in some cases mandated the creation of new State and local institutions in order to prepare plans to implement the block grant. The degree of planning and coordination achieved through block grants is in some dispute. ACIR concludes:

> Block grant planning often has been piecemeal, geared to the allocation of Federal funds, and eclipsed by grant administration. Where a single recipient agency has been established for Federal funding purposes, it generally has been unable, and occasionally unwilling to comprehensively plan for the entire functional area or seek to influence spending decisions on the part of related State or local agencies (ACIR, A-60, 1977).

Certainty of funding is a frequently utilized argument for block grants as opposed to categoricals. To the extent a known total amount of funds is allocated by formula rather than by discretion, it is certainly true that recipients will have greater foreknowledge of the amount of funds they can expect. However, if the *total* is not known in advance or is subject to significant fluctuations from year to year, then recipients cannot predict the amount they will receive, but only the percentage share of an unknown total, which is not terribly helpful. Indeed, it can be argued that the wide range of relatively small categorical programs provides greater certainty of aggregate Federal funding than do block grants. For if a recipient suffers a reduction in funding from the previous year for a categorical program it has more likelihood to make up this loss through increased funding from other categorical programs. A reduction in a block grant program is likely to be too large to recoup, at least in the short term, through increased funding elsewhere.

Effects on State and Local Political Systems

The discussion in the above sections has been concerned with the impact of block grants on State and local decision making and administration with respect to the activities funded through the block grant mechanism. One can also speculate on three broader possible consequences for State and local political systems:

- Block grants, by creating a more flexible instrument and placing it at the control of the elected politician, provide him or her with a new resource which may be used as an advantage. As a consequence, these instruments may contribute to shifts in local coalitions and alliances which may change the shape of the local political landscape.
- Block grants displace conflict within the intergovernmental system from the Federal level to the State and local levels. The increased politicization at the State and local levels may be particularly difficult for elected officials at these levels to mediate during times of fiscal pressure and reductions in Federal aid. The result may be greater political instability and an increase in resort to channels outside the normal political system (e.g., protests, strikes, etc.) to achieve political ends.
- By increasing the role of the local governments in the functional areas funded through block grants, the grants have both created a new ex-

perception on the part of the citizenry about the appropriate concerns of their local governments and have imposed a new set of responsibilities on local officials. For example, it is now accepted that mayors be concerned with and, to some extent, responsible for the local employment situation and housing conservation—both of which were previously seen as primarily Federal concerns and responsibilities.

CONCLUSION

A review of the literature concerned with existing block grants suggests a number of consequences which appear to be associated with their transformation from categorical programs. For a variety of reasons these conclusions should be treated with caution: the number of existing block grant programs is small, none is a "pure" block grant, each has unique features, and not all of the consequences are associated with each of the programs. For these reasons it is prudent to consider the following conclusions as generalizations associated with five Federal programs commonly termed block grants. Nonetheless, it is not unreasonable to view the following three conclusions as suggesting some tendencies of the block grant form.

Relative to categorical programs, block grants result in a spreading of resources both geographically and with respect to recipient groups. They thus tend to move resources from areas which heavily utilized categorical programs—particularly central cities and highly urbanized States—to suburban and small town areas and to less urbanized States. They also tend to diminish the focusing of categorical programs on low-income and minority groups by distributing benefits more widely. Block grants also appear to be associated with an increase in Federal budget control and with greater substitution of Federal aid for own-source revenue at the State and local levels.

Block grants decentralize decision making within the Federal system—increasing local discretion and decreasing Federal influence over use of Federal funds. They thus create a tension between local priorities and the accomplishment of national objectives. Over time, national objectives have tended to reassert themselves somewhat through legislative and administrative changes, though it is difficult to sort out the extent to which this is inevitable given the dynamics of a Federal system and the extent to which it is due to the policy preferences of changing national administrations.

The transformation to block grants has increased the decision making role of the general purpose unit of government and the elected chief executive. It has also increased the participation in the local policy process of various interest groups, particularly neighborhood and community groups. It thus can be said to have "strengthened local democracy." At the same time, these factors have contributed heavily to the redistribution of Federal resources from low-income and minority groups to a broader range of electorally and politically relevant groups, suggesting that it has decreased the ability of Federal funds to accomplish what, at least under the categorical programs, were defined as national objectives. This tension between local and national objectives remains the most controversial aspect of the shift from categorical to block grants.

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A FRAMEWORK FOR EDUCATION CONSOLIDATION

Paul T. Hill

This paper will identify and evaluate the alternative ways that Federal education programs can be consolidated. Its purpose is to help policymakers in Congress and the Executive Branch gain a comprehensive understanding of the options they have as they consider program consolidation. Although this paper is written shortly after Congressional enactment of a major consolidation of Federal education programs in the Reconciliation Act of 1981, the business of consolidation is scarcely begun. Chapter 2 of the Education Consolidation and Improvement Act (ECIA) consolidates only minor programs that provided relatively small amounts of money to the nation's school districts. Not consolidated were the major programs whose complexity and diversity created the pressure for consolidation in the first place.

A meaningful consolidation must include the three major programs that provide more than 80 percent of Federal categorical grants to school districts—Title I of the Elementary and Secondary Education Act (now Chapter 1 ECIA), the Education for All Handicapped Children Act (P.L. 94-142), and the Bilingual Education Act (ESEA Title VII). These are the programs that have the major permanent effects on the ways that school districts do business. They require the creation of special administrative units, encourage the hiring of specialized staff, create and codify leverage for beneficiary groups, and require the delivery of highly specialized instructional services.

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162

Since the mid-1970s, State and local educators have complained that the multiplicity of programs draws unnecessarily fine distinctions among beneficiary groups, forces local school systems to maintain unnecessarily elaborate and duplicative structures for program administration, and burdens teachers with unnecessary administrative work. Despite the widely held belief that there are too many separate Federal programs, there is little question that the groups designated to benefit from Federal program funds need extra services. There is, further, wide consensus among educators that the poor, handicapped, and non-English speakers are very expensive to educate, and that school districts with large numbers of such children need special financial help. However, many believe that a smaller number of programs, providing about the same total funding, but allowing States and localities to design their own responses to the needs of disadvantaged groups, would be more efficient.

This paper anticipates the return of program consolidation to the top of the education policy agenda. It tries to lay groundwork for a serious discussion of consolidation by providing a basic vocabulary and framework of policy options.

Consolidation is a very general term that refers to any statute or regulation that combines or coordinates previously independent programs. Though it has been a prominent topic among education policy analysts for several years, it is still surrounded by a great deal of confusion. One important source of confusion is most analysts' failure to distinguish between consolidation per se and deregulation. Deregulation is the increase of local discretion about the use of Federal grant money. While most of the consolidation bills introduced over the past several years have had deregulatory features, deregulation is not a logically necessary feature of consolidation. For example, it would be possible to consolidate all Federal programs into a larger but equally tightly regulated ESEA Title I. Likewise, a consolidated program is not necessarily less explicit about what services are to be delivered, or to whom, than its predecessor programs.

WHERE CONSOLIDATION CAN OCCUR

Any consolidation bill must have three separate features: 1) a formula that directs the allocation of funds from previously separate programs; 2) an allocation of responsibilities for fiscal and program administration among Federal, State, and local education agencies; and 3) an accountability system that ensures Federal funds will be used for the intended purposes.

Of the three, the formula is the one best understood. Congress has been tinkering with education funding formulas since 1965. In contrast, there has been little attention paid to the design and evaluation of the other two features of consolidation. To date, no one has tried systematically to identify the range of possible methods for allocating responsibility among different levels of government and controlling the use of consolidated program funds.

Most analyses of consolidation assure that Congress will delegate decisions to the States. However, there are several other logical possibilities that would have very different effects on the way a consolidated program would operate. Actors to whom Congress could delegate responsibility for consolidation include: the Federal bureaucracy, State governments, local governments, schools, and classroom teachers.

These delegations could be made in a number of ways. At the *Federal level*, separate administrative units would be eliminated, as would any fiscal control devices that were peculiar to any of the predecessor programs. Lower levels of government could use funds for one broadly defined purpose; beneficiaries of predecessor programs would lose any unambiguous claim on services from the consolidated program. A *State level* consolidation could mean separate programs at the Federal level, at least to the point of having distinct appropriations and funding formulas. While Federal statutes may also contain a list of permissible uses of funds, and establish the rules by which States are to allocate funds among school districts, States would be free to set service priorities and write regulations even to the point of eliminating services and beneficiaries covered by predecessor programs.

Programs would retain their separate objectives and funding formulas at the Federal and State levels under a *local level* consolidation. LEAs, however, would be free to use funds for any set of activities or beneficiaries that are consistent with the general intent of the statute. Similarly, under a *school level* consolidation, programs would retain their separate objectives and funding formulas through the Federal, State, and LEA levels. Once funds reached the LEA, they would be allocated to schools based on the numbers of program-eligible children and could then be used for any purpose. Under *classroom level* consolidation, program funds would be administered separately to all levels until they reach the classroom. However, the regular classroom teacher could use the extra resources at his or her discretion, either for special services for program-eligibles or for general improvement of classroom instruction.

Delegation to one level of government is, in effect, a bet that agencies at that level will make sounder decisions about resource allocation and service delivery than would agencies at higher levels. If Congress wants to reduce the burdens of regulation in the schools, however, a delegation of authority to the States is a risky arrangement: State rules under consolidation may be even more burdensome than Federal rules under predecessor programs. Because some States have developed elaborate regulatory schemes of their own, there is considerable support for reserving the right to consolidate programs to school principals or classroom teachers out of a fear that SEA or LEA-level consolidations would not reduce the regulatory burden on principals and teachers, which consist of paperwork, consultations, and monitoring requirements imposed by SEA and LEA central offices.

ACCOUNTABILITY DEVICES

A full assessment of the consequences of any delegation of consolidation authority must therefore take account of collatoral decisions about accountability devices. Any program consolidation must include some provisions to ensure, or at least make likely, that a major share of grant funds will be used for the beneficiaries of predecessor programs. The following defines seven types of accountability devices and how each works.

Fiscal Accounting. Recipient agencies (SEAs and LEAs) are required to keep separate records of their expenditures from Federal programs and from general purpose funding sources (i.e., local tax revenues, State foundation grants, and Federal impact aid). Recipients must be prepared to demonstrate that Federal program funds were used only to increase the level of expenditure on the beneficiaries or services intended for subsidy.

Service Specification. Recipients are required to demonstrate that they are delivering the services that Federal programs are meant to subsidize. The services must cost at least as much as the amount of the Federal subsidy, but the recipient need not show that all of the Federal funds are used to increase total expenditures on the subsidized services.

Process. Recipients need not account for the funds or services, but must engage in processes that increase the likelihood that high-quality services will be delivered to the Federally intended beneficiaries. Such processes include systematic planning, public promises of specified services, periodic program evaluations, and consultation with representatives of intended beneficiary groups.

Outcome. Recipients need not account for the use of funds or delivery of services, but must show that program beneficiaries became better off after the Federal funds were used. In education, improvements are typically measured by standardized achievement tests. Other possible outcome measures are drop-out rates, promotion rates, college entry, and ultimate job status.

Beneficiary-Enforced Entitlement. Members of the group in whose behalf funds are provided are informed that they are entitled to benefits. If any member of the beneficiary groups thinks his or her benefits are inadequate or inequitably small, he or she may seek redress in a court or quasi-judicial forum.

Centrally-Enforced Entitlements. Members of the intended beneficiary group can request an administrative investigation of the recipient's use of grant funds. If investigators conclude that the recipient has denied a beneficiary what is rightfully his or hers under law, future grants can be suspended or further legal action against the recipient for damages initiated.

Local Accountability. To obtain grant funds, recipients must win the endorsement of bona-fide representatives of the intended beneficiaries. Higher levels of government may supervise the designation of beneficiary group representatives, but do not monitor or evaluate the allocation of funds or delivery of services.

Each of the seven types of accountability devices establishes specific powers, duties, and liabilities for different actors in the educational system. Table 1 shows how two Federal education programs use the different types of controls.

Consequences of Controls

For Federal program designers to wisely choose among the possible accountability devices, they must understand what each one implies for Federal, State, and local governments and for beneficiary groups. For example, there are five main consequences of each choice, i.e., need for detailed regulation, need for Federal monitoring, need for special administrative units, local political or litigation costs, and beneficiary leverage.

Need for Detailed Regulation. The Federal Government must establish detailed criteria for recipients' use of funds, identification of beneficiaries, or design and delivery of services. Some control mechanisms, such as fiscal additivity, require a great deal of regulation, and others require little or none (e.g., outcome).

Table 1

EXAMPLES OF CONTROLS NOW IN USE

Control Mechanisms	**ESEA Title I**	**P.L. 94-142**
Fiscal additivity	Maintenance of effort, comparability, supplanting requirements	Weak maintenance of effort and non-supplanting requirements
Programmatic	State and Federal program monitoring	State and Federal program monitoring
Process	Annual plan requirement	Annual plan requirement
Outcome	Evaluation requirement	None
Beneficiary-initiated entitlement	Limited access to courts under other laws	Due process procedure
Centrally-enforced entitlement	Citizen complaint procedures	Office for Civil Rights complaint process for issues covered by both Section 504 and P.L. 94-142
Local political accountability *	Weak parent advisory council approval requirement	State and local advisory councils have some such features

* The strongest example of local accountability controls is the poverty program requirement that community action agencies approve all grants received by local governments.

Need for Federal Monitoring. If the mechanism is to work, Federal employees must at least have the right to inspect local practices or inspect local records. Some mechanisms are meaningless without this right (*e.g.*, fiscal additivity) and others do not require it at all (*e.g.*, beneficiary-enforced entitlement).

Need for Special Administrative Unit. The recipient State or local education agency must administer the Federal program separately from activities supported by general-purpose funds. Mechanisms that involve extensive recordkeeping, specialized service delivery, or frequent contacts with Federal or State monitors, normally require special administrative units in the recipient agency.

Local Political or Litigation Costs. Local officials are likely to be challenged in court or encounter well-organized new political demands. Some control mechanisms make court challenges highly likely (*e.g.*, beneficiary-enforced entitlements), and others encourage the formation of politically-active beneficiary groups (*e.g.*, local political accountability).

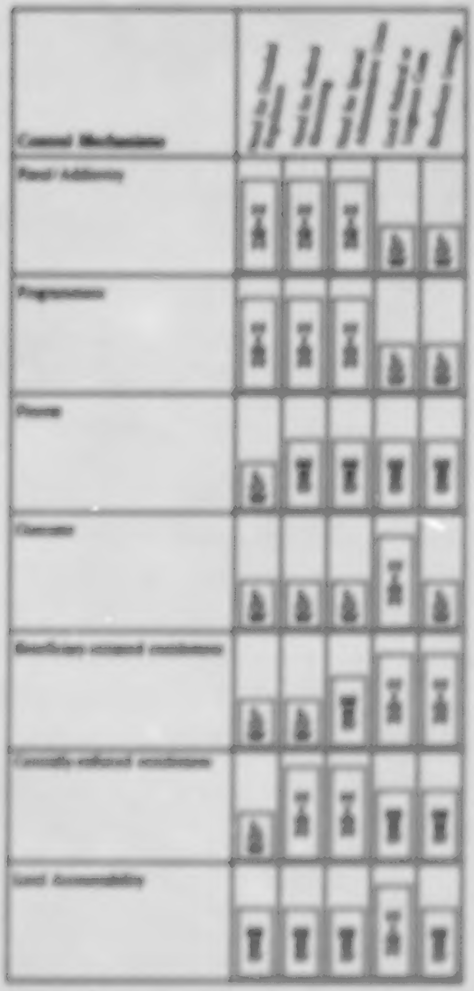
Beneficiary Leverage. Individual members of the intended beneficiary group are able to be effective in asserting demands for services. Some control mechanisms provide beneficiaries with ready opportunities to assert and pursue their preferences (*e.g.*, beneficiary-initiated entitlements), but other mechanisms provide little direct beneficiary leverage (*e.g.*, outcome controls).

Table 2 presents summary ratings of the consequences of the different control mechanisms. Some of the ratings are obvious and need no explanation. For example, it is clear that fiscal additivity controls require detailed regulation, and that beneficiary-initiated entitlements confer a high degree of beneficiary leverage.

Some of the ratings, however, are less obvious and need some explanation. Fiscal additivity and programmatic controls, for example, confer little leverage on individual beneficiaries, because the controls concern the use of funds and the delivery of services, not the receipt of services by any particular individual. Process controls, on the other hand, impose only intermediate levels of local political costs, because the processes do not necessarily create new local advocacy groups. Except in those communities where beneficiaries are already well-organized, planning and evaluation processes can be kept entirely within the local district administration. In contrast, local accountability mechanisms stimulate interest advocacy organizations and therefore impose high local political costs.

Table 2

Consequences of Different Fiscal Control Mechanisms



Local accountability controls confer only medium leverage on individual beneficiaries. Organizations that represent beneficiaries must balance the interests of different individuals, and be prepared to give and take in negotiations with local school officials. In contrast, beneficiary-enforced entitlements work through judicial procedures in which the claimant's legal rights are established without reference to resource constraints, political accommodations, etc.

Some interesting patterns are evident in Table 2. For example, the need for special local administrative units is high for all control mechanisms that involve high degrees of Federal regulation or monitoring (*i.e.*, fiscal additivity, programmatic, and centrally-enforced entitlements). Another important pattern is the relationship between the need for Federal regulation or monitoring on the one hand, and the degree of local political or litigation costs on the other. In general, mechanisms that involve Federal regulation and oversight concern only local program administrators: Federal monitoring or complaint resolution visits seldom create local political demands or stimulate litigation. On the other hand, control mechanisms that do not rely on Federal regulation or monitoring often create heavy local political and litigation costs. Local accountability mechanisms naturally generate new tensions in the local political process.

As many State and local officials are now learning, reductions in Federal regulation and oversight create compensating increases in local political and legal pressures. When categorical programs are consolidated or deregulated, traditional recipients of program services make demands on local officials. At the same time, other local groups see the relaxation of Federal controls as an opportunity to move funds in their direction.

Without Federal regulations, courts orders, or clear statements of program purposes, local officials have no ready routines for arbitrating among the competing interests. The resulting negotiations are difficult for local officials, and often disappointing to all groups involved. As a result, local officials may enjoy less support, and experience more stresses, than when they had fewer resources to dispose.

ASSESSMENT OF POSSIBLE CONSOLIDATION PACKAGES

The preceding sections separated the two issues of what level of government creates consolidation and how the use of funds is controlled. This section pulls the two issues back together to consider which Federal con-

and mechanisms (see Table 1) are appropriate when different levels of government create consolidation.

Federal Level. All control mechanisms are plausible if the consolidation is to happen at the Federal level. What Federal level consolidation means, in effect, is that several existing Federal programs are combined into one. Any control mechanism used in one of them could be incorporated into the consolidation program. It seems excessive, however, to use them all. The choice of particular ones should be made at any lower level. The previous section discusses the costs and effects associated with each one.

State Level. If Congress permits anyone other than the Federal bureaucracy to create consolidation, several of the control mechanisms become implausible. For example, if Congress permits each State to create its own consolidation of disparate Federal programs, it cannot simultaneously prescribe exactly what services will be delivered, or who will be the beneficiaries. Such constraints would be incompatible with a delegation of responsibility for consolidation to the State level. The most Congress could do is identify a list of permitted services or beneficiaries; it could not specify exactly which ones were to be included or, if all were included, how funds should be distributed among them. The Federal Government would clearly be out of the business of protecting specific beneficiaries and controlling the use of funds. Three kinds of control mechanisms—programmatic, beneficiary-targeted entitlements, and externally-enforced entitlements—are all impossible if consolidation is to be created at any level below the Federal.

Other control mechanisms remain possible. While Congress could require States to maintain overall levels of educational expenditures and require that the consolidated program's expenditures supplement pre-existing State expenditures for the same purpose, it would be illogical for Congress to control or audit local expenditures.

Congress could require specific planning and accountability processes at all levels of the educational system, no matter where consolidation was to occur. These processes would, however, have different scopes, depending on what services and beneficiaries were selected by the level of government designing the consolidation. If Congress sees planning processes as good in themselves, or wishes to confer political leverage on beneficiaries (even if Congress itself did not specify who the beneficiaries were to be), planning processes would be required.

Much of the same could be said of outcome controls. Congress could require the level of government that created the consolidation to report data on the outcomes experienced by beneficiaries or could require the government creating consolidation to use pupil performance as a criterion for allocating Federal funds. The value of such requirements, however, is questionable, since the Congress could not designate the beneficiaries of consolidation created by States or any lower level of government.

LEA Level. Most of the observations about State level consolidation apply here. If Congress delegated consolidation decisions to LEAs, it could still require them to maintain total fiscal effort and distribute funds equitably among schools. Programmatic mechanisms, beneficiary entitlements, and centrally enforced entitlements could be imposed. Again, however, the requirements would have uncertain meaning, since decisions identifying the eligible beneficiaries and services would all be made by the LEA.

School Level. If consolidation were to be created at the school level, Congress could impose the whole range of existing fiscal controls on States and LEAs. In order to guarantee that Federal funds reached the school level in recognizable form, Congress could require LEAs to maintain effort, establish comparability in the allocation of non-Federal funds, and use fixed procedures to allocate Federal funds among schools. Once funds reached the schools however, Congress could not designate beneficiaries.

Classroom Level. Comments about the school level generally apply to classroom level consolidation. If classroom teachers are permitted to create their own consolidation plans, there is little point in trying to control their use of funds. Any powerful control mechanisms—even a standard planning or accountability process—would be ridiculously burdensome. Only one device—outcome-based teacher accountability—seems plausible at all.

As recent debates made clear, people who agree on the desirability of consolidation can disagree about the objectives it should promote. Many of the differences among the advocates of consolidation focus on the level-of-government issue. For many advocates, however, the level-of-government issue is a means, not an end. For them, the choice of level-of-government should be made to support other objectives, such as preserving the present beneficiaries' access to program services, reducing federal visibility and responsibility, and minimizing Federal regulatory leverage over State and/or local agencies.

SEA RESPONSE TO CONSOLIDATION OF FEDERAL EDUCATION PROGRAMS

Glenn Hess
Charles L. Thompson

So "ESEA" has become "ECIA." In the throes of its reconciliation process, the Congress passed the Education Consolidation and Improvement Act of 1981 (ECIA). Chapter 1 of ECIA makes important changes in Title I of ESEA. Chapter 2 of the Act consolidates about 30 Federal education programs into one block grant. This legislation is the first installment of the Administration's plans to reduce the Federal role in education. This paper speculates on the ways that State education agencies (SEAs) are likely to respond to consolidation.

One forecast is based on the way we expect that SEAs would have responded to the radical consolidation actually proposed by the Reagan Administration. The other forecast is based on the way we expect that SEAs will actually respond to the consolidation enacted by the ECIA. We present a systems approach to examining how the policy behavior of SEAs is shaped by competing pressures from their institutional environments. This systems approach provides the basis for a discussion of how "radical" consolidation and the more moderate consolidation under the ECIA might change the configuration of pressures that shape SEA policymaking. The paper centers on the impact of consolidation on the 11 institutional en-

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environment in which SEAs are embedded, 2) the organizational structure of SEAs, and 3) the executive leadership of SEAs.

FEATURES OF PROPOSED AND ACTUAL LEGISLATION

One hundred days after its inauguration, the Reagan Administration proposed the Elementary and Secondary Education Consolidation Act of 1981 (S. 1103) to the 97th Congress. It called for consolidating 44 separate categorical programs into two block grants. Title I would have given money directly to local districts to serve the needs of children who are disadvantaged, handicapped or enrolled in desegregating schools. Title II would have consolidated numerous small Federal grant programs into one grant for States to administer on a discretionary basis. Neither title would have required States or local districts to match Federal funds, maintain current levels of effort, or use the grants to "supplement rather than supplant" local funding. This was the most sweeping proposal for consolidating Federal education programs ever introduced in the Congress. Consolidating programs and cutting budgets were combined in a "one-two punch" to radically curtail the Federal role in education.

Two months after introducing S. 1103, the Administration made a compromise with the Senate Committee on Labor and Human Resources on the basic features of ECIA. Basically, Chapter 1 of ECIA resembles Title I of ESEA, compensatory education. Chapter 1, however, gives districts more flexibility in matters of excess cost, comparability, parent advisory councils, and complaint procedures. The Administration failed, however, to eliminate such key provisions as maintenance of effort, supplement not supplant, and matching funds.

Chapter 2 is a single grant to the States, a minimum of 80 percent of which must go directly to local districts by formula. The districts can decide how to use their Chapter 2 money to address a broad range of school improvement activities and there are only minimal requirements for planning and keeping audit trails. The SEAs can use the remaining 20 percent of Chapter 2. Each State is required to have an Advisory Committee and to file an application to the Department of Education (ED) every three years describing how the Federal money will be spent.

There were two basic issues in the legislative process: which programs should be consolidated, and who should get the money. The final bill reflects a compromise in which the "liberals" preserved the basic struc-

Because the major entitlement programs are not included in the block grant, the pressure on legislators from threatened constituents will increase only moderately.

SEA and Governor Relationships

With President Reagan's original proposal to consolidate Federal health, justice, and employment programs into other block grants, a few governors may have launched administrative reorganizations across traditional service sectors. This model of education [illegible] a general human services administration. Had the block grants not been specifically earmarked for education, state governors could have treated the money as their own to allocate among executive agencies. SEAs would then have had to fight for their share of this general revenue with other State human services. In this case, the quasi-independent status of SEAs, institutionalized by their State Boards of Education, would have been a liability in the budget scramble in some States.

Under ECIA, the governor will appoint a committee to advise the SEA on how it should distribute the block grant. Appointing this advisory committee will be the extent of many governors' involvement in making policy for the block grant. Although the intent of the provision was to institutionalize broad consultation for the policy decisions related to the block grant, it is unclear how these committees will relate to the State Boards of Education, many of whom are also appointed by the governors.

SEA and Interest Group Relationships

Education interest groups go where the decisions are made. Had the Reagan Administration's radical proposal passed, the interest groups and associations related to the Federal categorical programs would have chosen to [illegible] their presence in State capitals. This [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] [illegible]. These groups would have had to try to [illegible] in the States other than just in Washington.

Radical consolidation would not only have given discretion to the States, but would also have sent the conflicts among interest groups away from Washington and into the State capitals. The smaller political battles that it fostered would have replaced one big political battle in Washington each year. The interest groups who lost at the State level would not have had recourse to Federal support for their cause. An especially troublesome conflict would have been set off by the Administration's proposal to consolidate handicapped and compensatory education. What the handicapped groups won at the State level would have come at the expense of compensatory education. This would have sparked a class conflict within education between the more middle class advocates of the handicapped and the more lower class advocates of compensatory education. The handicapped groups have a stronger legal footing to press their demands for services, and can generally draw on more resources to organize political support than can their counterparts in compensatory education groups.

ECIA passed the Congress only after the big entitlement programs had sprung free of the consolidation net. This reduces much of the tensions that would have been created among State-level interest groups by the Administration's proposal. Conflicts among the interest groups will still occur over how SEAs allocate their 20 percent setaside of Chapter 2.

SEAs and the Courts

The courts have traditionally been concerned with issues such as equalizing school finance, desegregation, collective bargaining, and mandating services to assure the educational rights of special populations. SEAs and courts will become increasingly entangled in efforts to resolve contradictions between legal entitlements for educational services and cutbacks in fiscal support for those services.

The Administration's proposal to include money for the handicapped in the block grant would have linked the State allocation process more tightly to the legal complexities of serving handicapped children. Even though the entitlement programs have escaped consolidation, there are bound to be conflicts between interest groups and various levels of government over how the sparsely and hastily written law should be interpreted. If the Federal Government refrains from writing regulations that clarify ambiguities in the law, then the courts will be called on to sort out the troublesome questions of implementation left to State and local authorities.

In any case, the equation that determines the cost-effectiveness of "regulation relief" should include the court costs that result from giving flexibility to the States to make their own interpretations of the law. We believe that SEAs can expect an increase in litigation relating directly and indirectly to the allocation decisions for the block grant.

SEA and LEA Relations

The line between local control and State responsibility for education varies across States. However, there has been a general trend to increase the State share of funding for education, especially for districts with smaller tax bases. As SEAs have grown in size and sophistication, some have endeavored to take a more active leadership role by sponsoring new State laws and establishing new service programs focused on school improvement. Although many local administrators harbor doubts about SEA activism, it is clear that even with regulatory relief from Washington, LEAs cannot solve all of their own problems with their own resources.

One of the major questions raised by the Administration's initial proposal was: how much, and in what ways, would State departments try to tie their own strings to their block grants as they passed through to the locals? Or would they be obliged to "pass on the compliment" of deregulation to the locals which the Federal Government had extended to the States? ECIA leaves little opportunity for States to attach their own strings to money going through SEAs to the districts.

Consolidation of Federal programs may have indirect effects on State-local relations. There is a common belief that most of the regulations that "fetter" local educators are made in Washington. However, SEAs administer many regulations derived from State laws governing local school behavior. The total amount of deregulation on local schools that will result from Federal consolidation will actually be small compared to the total corpus of rules constraining the way schools can use their money. As the Federal Government reduces its role in funding and making policy for education, the actual predominance of SEAs in regulating districts may become clearer to local educators. At the same time, the SEAs' role as mediator between local districts and the Federal Government will diminish. SEAs will not be obliged as much to act on behalf of the Federal Government in the districts; nor will the SEAs need to carry as many of their districts' complaints to Washington. This may reduce complexity for SEAs, but it may also reduce their power.

SEAs and Intermediate Service Agencies

Intermediate Service Agencies (ISAs) come in three general types: regional extensions of SEAs; semi-independent service agencies with their own taxing authority and governing boards; and cooperatives or consortia formed by contiguous districts to provide special services on a more cost-effective basis. Many of these centers depend heavily on Federal funds, and now face cutbacks in their operations.

Allocation decisions for the block grant at both State and local levels will affect ISAs greatly. In States like Illinois and Michigan, efforts to consolidate a multitude of specialized intermediate agencies will gain new impetus from the consolidation of Federal programs. Consolidation may beget consolidation. Much will depend on the political bases on which ISAs are built, and upon the view of SEA policymakers about the relative costs and benefits of their services compared with the strategies for school improvement.

SEA and Federal Relationships

With less money to disburse and fewer regulations to administer, the Federal role in education will diminish. The initial Reagan consolidation proposal would have virtually ended the Federal era in education policy in the United States. The huge house that ESEA built, with its rambling additions and intricate legal architecture, would have been dismantled and replaced by a modest structure with a few rooms for accountants. Although more of the old architecture of ESEA has been left intact by ECIA, the remodeling ahead will change the house more than anything since it was built in the expansive days of the Great Society.

Some of the needs for SEAs to communicate with Washington will be eliminated. Federal authorities will review State plans for spending the block grant, but because they cannot deny Federal money to the States, this will indeed be a perfunctory formality. It is possible that the Federal role in education would be reconstituted to provide technical assistance and capacity building support to the States as many SEAs need to improve their management capabilities. In any case, it is important to assess the needs of SEAs even after consolidation and to take stock of the Federal capabilities that could be converted into resources to meet those needs.

CONSOLIDATION AND FACTORS INTERNAL TO SEAs

Our open systems approach suggests that an SEA's response to consolidation will be determined by the interaction of 1) changes in the total configuration of environmental supports and constraints with 2) factors within the SEA itself. Two internal factors which are crucial determinants of an SEA's behavior are organizational structure and executive leadership.

Organizational Structure

Most SEAs have been organized since 1965 to accommodate the administrative requirements of Federal categorical programs. They are generally structured like picket fences, with the vertical lines following the money from Federal sources to local recipients. Many offices were added incrementally as Federal legislation created new programs to address specific national priorities. The limited coordination among bureaus and programs in Washington has been largely repeated by limited coordination among their counterparts in State education agencies. With their "own" budgets and regulations from Washington, State directors of Federal programs could usually operate with considerable autonomy within SEAs.

The constraints on SEAs arising from State and local sources (problems of accountability and public confidence, declining enrollments, school consolidation, eroding tax bases, etc.) have sharpened in intensity and complexity. The structures and standard procedures emanating from Federal regulations have often been well-suited for dealing with many of the episodic problems that impinge on SEAs from closer at hand. But SEAs have clamored to be freed from the heavy hand of Federal regulations. The Reagan Administration benefited initially from this discontent in State capitals, hailing consolidation with the banner of States' rights.

The Federal Government is reducing both its constraints on, and its supports for, SEAs through program consolidation and budget reductions. The parental Federal figure, both stimulant and [illegible], is handing over some of its own carrots and sticks to State and local agencies. As "downward" impingements from Washington recede, "upward" and "lateral" pressures from local and State organizations will quickly fill the breach. This shift in direction and character of constraints and supports will contribute to the disintegration of the picket fence structure in many SEAs. Of course, the extent of this shift is far less under ECIA than it would have been under the original Reagan proposal.

Executive Leadership

In some States, new configurations of constraints on SEAs have resulted in the rise of executive leadership that chafes against the picket fence. These activist leaders, elected or appointed to deal with problems arising from within their States rather than coming from the Federal level, have found the picket fence structure ill-suited to their attempts to respond to their States' political problems and achieve substantive goals. Some have fought

Federal regulations to court, while others have tried to circumvent or work around them.

In other States, the leadership has been content to preside over a structure composed of relatively autonomous units that have grown up in response to Federal funding opportunities and relatively mild pressure from within the State. The quiet style of leadership, oriented to the efficient administration of routine operations and to diplomacy intended to preserve harmonious relations with local districts, seems appropriate to a relatively placid institutional environment.

The degree to which an SEA's executive leadership resists against the pocket forces to address problems arising within the State tends to define an SEA's typical mode of organizational adaptation to its environment. In discussing our model of the SEA, we referred to the two most common ways SEAs adapt to changes in their institutional environment as *maintenance* and *development*. Both maintenance and development SEAs exhibit concern for political and bureaucratic as well as substantive concerns. But the leadership of maintenance agencies tend to engage in political behavior, such as rhetorical flourishes in the press, soothing of aroused legislators or interest groups, and negotiating with aggrieved local superintendents, largely to preserve an existing balance of budgets, bureaucratic turf claims, standard operating procedures, and distributions of power within the agency. The leadership of development agencies tends to engage in political behavior in pursuit of a mix of substantive and political agendas. Development leaders will accept some level of disequilibrium within their agencies as the inevitable price of fashioning new responses to the new configuration of supports and constraints from the institutional environment.

CONCLUSION

The preceding discussion of the hypothetical effects of the Administration's original consolidation proposal versus the likely effects of ECIA upon SEA environments might be summarized as follows:

- The radical consolidation, with the accompanying budget cuts, would have given SEAs greatly increased discretion over these dollars. This would have aroused virtually all elements of the institutional environment to put new pressures on the SEA. That is, much of the lobbying, negotiating, and litigating that has gone on at the Federal level would have devolved to the State level.

- ECIA increases SEA discretion only marginally. That is, SEAs will have increased discretion over very little money. The measure increases local education agencies' discretion a little more, but the move from competition to formula funding will mean that more districts will get less money. Fewer dollars will be dispersed across many districts rather than concentrated in a few districts that are accomplished in grantsmanship. ECIA seems unlikely to arouse the institutional environments dramatically at either the State or the local levels. It will simply make State and local factors slightly more salient in the determination of SEA policies by subtracting the Federal Government's power to fix attention on its priorities (Hastings, 1982; Kearney and VanderPutten, 1979; McDonnell and McLaughlin, 1980).

A radical consolidation would have created major difficulties for maintenance SEAs. Both the executive leadership style and the organizational structure of such agencies are well suited to administering ongoing programs and adding similar programs, but ill-suited to dealing with strong, persistent, and conflicting pressures from the State political system and from local districts.

Maintenance agencies would have responded in one of three ways. They might have (1) "marginalized" the pressures by undertaking symbolic measures that give the appearance of responsiveness without actually changing the bureaucracy. Reorganizing while making only marginal alterations in existing programs is a common tactic in the "marginalizing" strategy. Had these symbolic measures been insufficient to neutralize persistent environmental pressures, the short term result would have been (2) a breakdown into policy chaos. While many routine functions would be carried out as usual, the leadership would have been temporarily immobilized by the conflicts among contending forces in the environment. As one or a coalition of several forces gained dominance, however, the maintenance SEAs might (3) undergo the difficult transition to a developmental mode of adaptive behavior. In many cases, this would have meant turnover at the top of the agency, or even the assumption of de facto control by another part of the State political system, such as the governor's office.

The emerging moderate consolidation seems unlikely to stir the political environments of maintenance agencies into action. Consequently, a change in the adaptive behavior of maintenance agencies will not be likely, unless consolidation is connected coincidentally to other disturbances in the enresources. Of the Federal programs that are being consolidated, those which have been administered at the State level and therefore have an organizational unit in the SEA and a network of ties to local districts, will probably absorb most of the discretionary resources in ECIA Chapter 2.

The Administration's radical consolidation would have been better used by development SEAs, which are already straining against the Federal leash. To these agencies, the Reagan Administration's slogans about returning power to the States were never mere rhetoric. They have urgent problems, agendas for action almost as clear as they are urgent, and a reservoir of dammed up frustration about the constraints that come with categorical Federal dollars. While a period of conflict bordering on policy chaos would probably have been in store for these agencies as well, the chaos would have abated as the leadership moved to put the block grant into training and new initiatives addressing their [illegible] State priorities.

ECIA only lengthens the Federal leash a little. But its gaps could get very interesting here. The new law seems somewhat ambiguous on technical matters which will determine how ECIA will actually be implemented. Because of the extraordinary alacrity with which Congress put together and passed ECIA, there is virtually no legislative history to clarify the intent behind the wording. To even more than usual, implementation of this law will be a continuation of legislation by other means. The consolidation will take shape through a prolonged process of developing and revising regulations, negotiations between SEA and Federal officials, litigation, and Congressional hearings and amendments. During this process, development SEAs may be able to broaden the actual scope of their discretion far more than the law appears at present.

Development SEAs could use their Chapter 2 funds to support new or existing programs aimed more directly at their service delivery goals. They might spend Chapter 2 monies to "seed" special demonstration projects in innovative local districts, or they could use it to pay for technical assistance to local districts. SEAs could provide these services themselves, or they could contract for services with universities, intermediate agencies, or private nongovernmental service firms.

We round off our conclusion by displaying the probable responses of maintenance and development SEAs to the radical and moderate consolidations in Figure 1 below.

Figure 1

Probable Responses of Maintenance and Development SEAs to Radical and Moderate Consolidations

	Radical Consolidation	Moderate Consolidation
Maintenance SEAs	[illegible]	[illegible]
Development SEAs	[illegible]	[illegible]

This has been an exercise in speculation. We compared President Reagan's radical proposal for consolidating Federal education programs with the more moderate ECIA. Using a systems model of SEAs, we then anticipated how the radical and moderate approaches to consolidation would have or will affect the institutional environments of SEAs. We also [illegible] how consolidation will affect the structure and leadership of SEAs. We then described the [illegible] ways that SEAs adapt themselves to such environmental changes as the consolidation of Federal programs. The two approaches to consolidation and the two ways that SEAs respond to change led us to the predictions displayed above. Although the response of SEAs to moderate consolidation will be of greater interest to those involved in implementing the new law, our speculation on the response of SEAs to a more radical consolidation may be of some interest to those who are anticipating changes in the intergovernmental system that will may come.

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RESTRUCTURING THE FEDERAL-STATE PARTNERSHIP IN EDUCATION

Differential Treatment of States
Richard F. Elmore

Differential Treatment:
Waivers as a Reform Strategy
Jerome T. Murphy

School-Based Strategies:
Implications for Government Policy
Jane L. David

Productivity in Elementary and
Secondary Education Programs
Denis P. Doyle

"The problem for policymakers is not choosing whether to treat States and localities uniformly or differentially but finding the correct mix of uniform and differential responses . . . ."

—Richard F. Elmore

"Despite the variety of differential treatment mechanisms, the waiver stands out as the most popular reform strategy in the education sector."

—Jerome T. Murphy

". . . school-based strategies increase the likelihood of staff commitment to change through their participation in designing the change. After a decade of externally defined change efforts, these virtues should not be underestimated."

—Jane L. David

"The combination of increasing demand for learning outcomes, rising costs, and stagnating taxpayer resources is likely to keep the focus on educational productivity in the years to come."

—David H. Monk

RESTRUCTURING THE FEDERAL-STATE PARTNERSHIP IN EDUCATION

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DIFFERENTIAL TREATMENT OF STATES

Richard F. Elmore

The differential treatment problem is usually framed in the following way: some States are competent implementors of Federal policy objectives, others are not. Uniform Federal standards are typically framed to assure minimum performance by the least competent. Their effect, the argument goes, is to penalize competent States by subjecting them to requirements that bear no relationship to what they are actually capable of doing. A more flexible and effective strategy would be to grant competent performers more discretion, while subjecting less competent performers to greater scrutiny or finding some way to by-pass them altogether. But this strategy raises problems of political and administrative feasibility. By what objective measures will competence be assessed? How would such measures be translated into administrative practice? Who, at the Federal level, would be willing or able, if objective measures existed, to bear the political heat of categorizing some States as competent and others as incompetent? Questions like these have led prudent analysts back to the conclusion that uniform standards, uniformly applied are, on balance, the most practical strategy for the Federal Government (Murphy, 1976).

And there the argument seems to rest. Differential treatment appears to be another appealing theory that is infeasible in practice. Yet there is something troubling about the apparent simplicity of this argument. Why, when there is so much variability among States and localities, does differential treatment seem impossible?

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Simply stated, my argument is that the Federal Government has no choice but to engage in differential treatment on many levels of policymaking and implementation. It may do so more or less skillfully, but it cannot avoid doing so at all. Understanding the role of differential treatment in Federal education policy requires a more fine-grained analysis of the range of options available to the Federal Government in adapting its policies to varying State and local conditions. This paper has three objectives. The first is to "unpack" the problem of differential treatment into smaller, more discrete, more manageable pieces (Bardach, 1981; Moore, 1976). The second is to describe an analytic framework that clarifies the options available to the Federal Government for differential treatment of States. And the third is to describe some ways in which the Federal Government might systematically, if unobtrusively, engage in differential treatment.

POLICY OBJECTIVES AND INSTRUMENTS

Federal policy works on the margin of State and local decisions, either by supplementing existing resources or by using the implied threat of withdrawal of Federal funds to "leverage" State and local activities in directions they might not otherwise go. All Federal objectives are necessarily marginal objectives, whether they're stated that way or not. Federal policies may be stated in global terms—guaranteeing basic rights to certain classes of children, stimulating broad-scale changes in the organization and governance of education, etc.—but their effect is always marginal.

Faced with opportunities or demands for action, Federal policymakers have a relatively limited range of options. They can offer financial incentives for States and localities to mount special programs, they can stipulate that States and localities must engage in certain kinds of practices as a condition for the receipt of Federal funds, and they can require that Federal funds be targeted on certain populations of children. These options, or policy instruments, might be labeled respectively inducement, enforcement, and beneficiaries. All Federal policies can be thought of as compounds of these instruments.

The object of policies based on inducement is to mobilize skill, knowledge, and organizational resources around a problem (Elmore, 1985). In order for inducements to work, policymakers must have some reason to expect that individuals and organizations will be predisposed to focus on the problem, they must commit resources sufficient to mobilize the competence necessary to grapple with the problem, and they must have some means of determining whether the incentive is having the desired effect. Inducements are marginal in at least two senses. First, the problem that policymakers want practitioners to focus on is one of many the organization is expected to deal with. In the case of schools, inducements and policy directives come from a variety of sources—local, State, and Federal. Second, inducements typically constitute a small, but significant, fraction of the organization's total resources.

The value of inducements varies among organizations according to their share of total resources and the cost to the organization (matching, overhead, etc.) of taking them. Because inducements are marginal, Federal policymakers have a large stake in maintaining the productive capacity of States and localities, independent of whether that capacity is used to achieve Federal objectives. If all States and localities had equal productive capacity, and if Federal inducements had exactly the same value to all organizations that received them, then equal inducements would produce equal results. Productive capacity varies, however, as does the value of inducements to States and localities. Hence, nominally "uniform" inducements inevitably have widely differing effects.

Enforcement rests on the assumption that individuals and organizations will not perform consistently with policymakers' expectations unless they are threatened or coerced. Enforcement consists of setting standards and applying sanctions to deviant behavior. In education policy, the standards that accompany enforcement specify authorized uses of Federal funds and the treatment of certain special classes of individuals. The sanctions that accompany enforcement usually take the form of either withdrawing Federal funds or requiring administrators to take some kind of remedial action.

The object of enforcement is compliance. In order for enforcement to work, policymakers and administrators must be willing and able to specify standards, to engage in systematic monitoring and surveillance, and to apply sanctions where performance is inconsistent with standards. The effect of enforcement on individuals and organizations depends on the clarity of the standards, the value of sanctions, and the likelihood of being found in noncompliance (Viscusi and Zeckhauser, 1979; McEwen, 1980).

The marginal nature of enforcement stems in part from the fact that standards apply to only a narrow subset of all the behaviors involved in providing education to children, in part from the fact that monitoring and surveillance are never sufficient to capture all cases of noncompliance, and in part from the fact that superiors don't control their subordinates' behavior completely (Schelling, 1978; Wolf, 1979; forthcoming). If man-

dards were completely clear, if sanctions had exactly the same value to all States and localities, if monitoring and surveillance were uniform and certain, and if those responsible for compliance actually controlled their subordinates, then equal enforcement would produce equal results. None of these conditions is ever completely realized, however, with the results that similar enforcement and compliance is not equal across States and localities.

Beneficence rests on the assumption that certain types of children should receive selective benefits and by being accorded these benefits, that they will behave in some systematically different way. Compensatory education and special education for handicapped children are not simply attempts to compensate children for circumstances beyond their control. They are also attempts to alter the distribution of opportunities and outcomes in society at large.

The object of beneficence is to change the status of individuals, either by conferring benefits directly (as in the case of cash or in-kind transfers) or, as in the case of education, by requiring that organizations treat them in a systematically different way from other individuals. In order for beneficence to work, policymakers must have something of value to confer, some way of clearly distinguishing beneficiaries, some mechanism for dispensing benefits, and some means of determining whether benefits have actually reached the intended recipients. Because the Federal Government is not in the business of providing education directly, beneficence in Federal education policy is nearly always contingent on inducements and enforcement.

In theory, policy strategies based on inducements, enforcement, and beneficence could have predictable outcomes; in practice, policy applied uniformly has widely different results. Inducement strategies produce variability for at least two reasons: the production capacity of States and localities varies widely, as does the value of Federal inducements to them. Similarly with enforcement policies, the conditions required to produce equal results are never completely realized. Standards are never completely clear, sanctions do not have exactly the same value to all States and localities, monitoring and surveillance are rarely uniform and certain, and those responsible for compliance frequently do not control their subordinates. As for beneficence, if inducements and enforcement worked predictably in all settings to produce the same distribution of benefits, then policymakers would expect beneficence to have a large and stable effect on the distribution of opportunities in society. However, since much of these conditions are ever fully specified, the result is that beneficence has unpredictable and variable effects.

The objectives, instruments, and sources of variability in Federal education policy are summarized in Table 1. Thinking about Federal policy in this way demonstrates several things. First, the process by which Federal policy reaches individual children is more complex than it is usually thought to be. The effect of Federal policy depends on a multitude of factors over which the Federal Government exercises limited control: the production capacity of States and localities, the value of Federal inducements to States and localities, the clarity of Federal objectives and standards, the credibility of Federal surveillance and sanctions, the costs of compliance and noncompliance to State and local agencies, and the attributes of individuals within the target populations. In order to believe that Federal policy will have a uniform and measurable effect on individual children, one must believe that all these factors come together in an intelligible and rational way—a very large leap of faith, given what we currently know about the implementation of Federal policy.

Second, the effect of inducements is largely determined by political and administrative behavior. Policymakers and administrators tend to respond to variations in implementation by tightening rules and procedures, without distinguishing variation that is adaptation from that which is noncompliance (Elmore, 1980). The effect of these tendencies taken together is a kind of upward "drag" of beneficence and inducements into enforcement. Variability, rather than being understood in terms of the complexity of the Federal role, is read as evidence of incompetence and subversion at the State and local level.

[illegible], different types of decision rules operate in different types of policies. One decision rule is based on "equal inputs," the other on "equal results." "Distributive" or "allocative" policies such as those found in the distribution formulas of the Vocational Education Act follow the "equal shares" rule in that they attempt to give equal shares to every unit of a certain class. They are based on uniform treatment of the targets of policy. Redistributive policies on the other hand, like Title I of ESEA (now Chapter 1 of ECIA), P.L. 94-142, and Bilingual Education, follow the "equal results" rule in that they give unequal shares to different individuals in order to equalize some outcomes policymakers care about (Lowi, 1964; Peterson, 1981). In other words, differential treatment is built into the basic assumptions behind redistributive policy. Insofar as the equal results

Table 1

Policy Objectives and Instruments

Objectives	Targets	Instruments	Sources of Variability
☐ produce services ☐ maintain productive capacity of states and localities	☐ schools, state and local administrations	☐ Subventions ☐ formula grants ☐ project grants ☐ demonstrations ☐ research and development ☐ dissemination ☐ technical assistance	☐ unequal production capacity ☐ subventions are a differing proportion of operating budgets for different agencies
☐ attain minimum performance	☐ schools, state and local administrations	☐ Enforcement ☐ design, output standards ☐ performance ☐ output standards ☐ reporting requirements ☐ allocation requirements ☐ sanctions, penalties	☐ services have unequal value to different agencies ☐ standards overlap ☐ monitoring and surveillance less than adequate ☐ incomplete control within agencies
☐ compensate for social differences ☐ change distribution of resources or service	☐ individuals through schools and state/local administrations	☐ Beneficiary ☐ targeted benefits ☐ procedural protections	☐ contingent on enforcement and subventions ☐ target populations generally distributed ☐ individuals have different preferences generally unobservable

role is manifested in Federal policy, the Federal Government will engage intentionally in differential treatment.

In thinking about differential treatment as a strategy of future Federal policy in education, it is important to recognize that differential and uniform treatment are not mutually exclusive alternatives. Rather, they are more like stocks in a portfolio. The problem for policymakers is not choosing whether to treat States and localities uniformly or differentially but finding the correct mix of uniform and differential treatment across policy instruments that achieves the intended purpose. Like stocks in a portfolio, the instruments that compose policies can be combined in different ways to produce different results, either by changing the policy itself or by emphasizing one set of instruments or another in the process of implementation. Generally speaking, elements of a policy that stress uniformity are designed to assure adequate accountability in the handling of funds, minimum standards in the provision of services, and targeting of benefits on eligible recipients. Uniform treatment, in other words, is useful in establishing threshold conditions for successful implementation but not in stimulating exceptional performance.

Policy instruments that stress differential treatment are designed to compensate for initial differences, to reward exceptional performance, and to allow for reasonable adaptation to varying conditions. Differential treatment is not only useful in establishing threshold conditions for successful implementation, [illegible] as a [illegible] to equalize initial disparities in productive capacity, but it is useful in shaping Federal policy to variable conditions. Some policy objectives are better served by one kind of treatment than another, and objectives requiring both kinds of treatment are frequently combined in the same package. It is hard to think of an effective civil rights policy that does not have some substantial element of uniform treatment, just as it is hard to think of a research and development program that does not have a substantial component of differential treatment. But in all cases the important question is not whether either is necessarily uniform or differential but what constitutes the correct mix.

Table 1 summarizes some common policy elements that are used by the Federal Government to influence State and local policy and practice. The list is by no means exhaustive but it suggests how one might go about constructing a portfolio for a given set of policy objectives. Those elements that fall under the "uniform" heading are designed to assure some of the equal basis of [illegible] treatment [illegible], to maintain minimum standards in [illegible] of fiscal control and program [illegible].

[illegible]

[illegible] **Policy Elements**

[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]

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- State distribution formula incorporates minimum criteria of Federal formula.
- State contribution reaches some minimum fraction (or multiple) of Federal share.
- State administrative procedures provide routine public access.
- State audit and evaluation procedures provide information on flow of funds to the school level.

State-to-Local Delivery Structure

- State provides research, dissemination, and technical assistance at some minimum proportion of Federal and State funding.
- State provides routine assessments, or compiles local assessments.

Legislative Control and Oversight

- State legislature appropriates Federal and State contributions as a single lump sum.
- Legislature designates at least one committee with oversight responsibility.

This strategy differs from other proposals to decentralize or devolve Federal authority in several ways. First, it relies on political incentives to achieve Federal objectives, rather than bureaucratic controls. Instead of granting waivers of specific Federal requirements upon proof that States are acting consistently with Federal intent, it provides for full State assumption upon proof that States have assumed political control and responsibility. Hence, the process of negotiating a reduction in the Federal role is not one worked out between State-level bureaucrats and their counterparts at the Federal level, neither of whom has a strong incentive to change the status quo. Rather, the process depends on visible political decisions by elected State officials. In the absence of such actions, there can be State assumption. But in order to take such actions, elected State officials must mobilize a coalition in support of Federal objectives.

Second, the differential State assumption strategy differs from the wholesale devolution of Federal authority implicit in most education block grant proposals in that it explicitly takes account of the fact that States vary widely in their ability to support Federal objectives. Uniform devolution of authority, like uniform treatment of any kind, will produce widely varying results. Differential State assumption makes the devolution of Federal authority dependent on political factors that are associated with support for Federal objectives. The State-level decision to assume control and responsibility for Federal objectives would require a calculated judgment that the political benefits of State assumption would exceed the costs. If there were no State-level constituency organized around Federal policy objectives and no State-level program structure corresponding to those objectives, then there would be little or no political benefit to be gained from State assumption. On the other hand, where State-level actors are well-connected to political constituencies organized around Federal objectives, the benefits of State assumption would potentially outweigh the costs. In other words, differential State assumption provides a way of linking the devolution of Federal control to support for Federal objectives, rather than devolving authority uniformly without regard for variations among States in that support.

Third, unlike other proposals to decentralize or devolve Federal authority, differential State assumption puts the decision to accept or reject political responsibility and control in the hands of States, rather than the Federal Government. Granting waivers of Federal program requirements puts the responsibility for deciding whether States will assume responsibility in the hands of Federal officials. Block grant legislation puts the Federal Government in the role of deciding what degree of devolution is appropriate for all States. In neither case is the decision to devolve control and responsibility actually taken by those who will bear the costs and reap the benefits. In both cases the Federal Government is deciding what degree of State control and responsibility is appropriate. The advantage of differential State assumption is that it lodges that decision where the costs and benefits are directly borne.

CONCLUSIONS

Differential effects of uniform policies are inevitable. One can either recognize this phenomenon as a natural outgrowth of State and local variability or one can ignore it and focus on creating uniform main effects. The trade-off between uniform and differential treatment is not one between "fair" and "preferential" use of discretion, nor is it one between a "strong" and a "weak" Federal role. The trade-off is between policy instruments that communicate minimum standards of performance and those that communicate ways of adapting Federal policy to variable conditions. Both elements are essential to any strategy of Federal influence.

Furthermore, differential treatment is a necessary consequence of the Federal Government's redistributive policy objectives. The equal results rule, which shapes many Federal policies aimed at betterfaction, requires differential treatment as a condition of success. Redistributive policies don't generate the same kind or level of political support as allocative policies, which are based on the equal inputs rule. But there are very good reasons why the Federal Government has become involved in redistribution, independent of moral abstractions. The political and economic incentives operating on Federal policymakers are different in certain important respects from those operating on State and local policymakers. The argument for differential treatment, in the end, rests on very pragmatic, political grounds. Federal influence won't work without it.

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DIFFERENTIAL TREATMENT: WAIVERS AS A REFORM STRATEGY

Jerome T. Murphy

State governments differ in their capacity and commitment to national priorities. Yet Federal rules and regulations are applied uniformly and are generally written to prevent "really bad" States from circumventing the law. One result is that States have increasingly complained of the inflexibility and costs of Federal regulations. A possible solution is for the Federal Government to treat States differentially.

This paper examines the apparent logical reform of the mismatch between uniform rules and varied States. It explores the nature of the problem and how differential treatment is meant to solve it. Next, it examines various types of differential treatment and the fascination with the idea, at least among policy analysts. One approach to differential treatment, the waiving of Federal requirements, is analyzed in depth because it is the focus of current advocates of differential treatment.

The mismatch between the States and Federal rules has become more pronounced during the last 20 years because of two historical trends and the continuing diversity among the States. One trend is toward more and more stringent Federal regulation of State activities in social policy areas. Another trend is the continuing modernization of State governments. The interplay of these two trends along with the continued diversity of States has generated loud complaints and a few calls for differential treatment.

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198

The New Social Regulation

Since the 1960s, the Federal Government has greatly expanded its efforts to impose national priorities on States and localities, and much of this effort has taken the form of grants-in-aid. Between 1962 and 1978, the number of Federal programs grew from 160 to 498 and associated Federal expenditures from $7 billion to $85 billion (ACIR, 1980, p.4). Federal intervention has also taken the form of Federal regulation, particularly during the 1970s. Between 1970 and 1975, the number of pages in the Federal Register devoted to social regulatory activity grew from 20,036 to 60,221 (Bardach, 1978, p.365). The Federal Government has evidently become more increasingly entangled in the affairs of State and local governments than at any other time.

Modernized State Governments

During the time that the Federal Government got stricter, the States got better—they became more modern, democratic, and responsive. Twenty years ago, for example, most State education agencies (SEAs) were reputed to be small, dull, and poorly managed places. They were commonly viewed as places for school superintendents to "retire" before retiring. In other words, they were not strongholds of government progressivism. (Murphy, 1981).

Today, SEAs are a lot bigger and a lot better. Chief State school officers are more aggressive, policy-oriented, diverse in background and committed to equity issues. This has generally been translated into the hiring of more sophisticated staffs, both in terms of management and analytic capabilities. Similar changes have also taken place in the State legislatures. They are generally better staffed and because of reapportionment, cities and suburbs are more fairly represented, with more minority representatives. In addition, there has been a significant growth in interest groups at the State level including lobbies promoting equality, efficiency, and open government.

All of this has contributed to the development of more responsive State governments. For example, in the last decade 25 States have reformed their State aid formulas, 16 States now run their own compensatory education programs as compared to three in 1965, 20 States administer bilingual programs compared to none in 1965, and States spend about six times as much as the Federal Government on education of the handicapped. Although the progressive States are not without their problems, on the whole, the States have been modernized and are much better than their reputation indicates.

If the story ended here, a case could be made for total deregulation and devolution of authority to the newly modernized and committed States. But these overall trend data divert attention away from the significant diversity which remains. Some States, and many more than 20 years ago, share the Federal commitment to equity issues, but others clearly do not. Some have the political capacity to assume a leadership role in implementing national priorities, while others do not. Some States are simply "funding conduits" for Federal programs, while others take an activist role, ranging from a regulatory to a facilitative stance.

Variety among the States notwithstanding, all are subjected to the same uniform Federal rules, usually written to prevent abuse by the weaker States. States committed to providing services for students with special education needs consequently complain that uniform rules are based on distrust, are costly, intrusive, prevent flexibility and, in effect, penalize them for being progressive. State officials claim that uniform rules retard rather than promote change.

DIFFERENTIAL TREATMENT

Differential treatment is designed to respond to these complaints by dealing with the States in a way that takes account of the variety among them. In its current incarnation, the reform is based on several assumptions:

- it is appropriate for the Federal Government to promote national priorities in education;
- stringent rules applied uniformly create genuine cost that can be avoided;
- variety among States should be promoted;
- many States are ready, willing, and able to take over responsibility for running Federal programs for special-needs students; and
- across the board deregulation and decentralization would undermine the pursuit of national priorities.

Differential treatment is viewed by its proponents neither as a grand strategy nor as a panacea, but rather as a modest reform designed to fine-tune and improve certain aspects of federalism. It is viewed as part of a possible compromise between conservatives who favor decentralization of power to the States and liberals who favor a strong Federal presence. States can, and have, been treated differentially by the Federal Government in at least a half dozen ways on matters related to the allocation of money, the management of programs, and the mandating of requirements. In this section, six mechanisms will be examined.

Distribution Formulas

The most familiar form of differential treatment, although it is not usually lauded as such, is the grant-in-aid distribution formula. It is differential treatment in the sense that different States receive different amounts of money based upon agreed criteria. The mechanism is politically acceptable because it is necessary, fair, and automatic. Of course there is debate about which specific criteria are objective and fair, but this is within the accepted view that it is necessary and appropriate to treat the States differentially.

Bonus

Another approach involving money is the bonus. The provision of a small amount of extra money is meant to reward desired behavior and to provide an incentive for other States to improve their performance or adopt priorities. Bonuses have been written into Federal law in several sectors of the government. For example, in an effort to promote greater control over billboard advertising along highways, the Highway Beautification Act was written to provide a bonus, or an incentive, for those States adopting State laws regulating highway advertisements (Beam, 1981).

The most familiar example of a Federal education bonus was the ESEA Title I Special Incentive Grants, authorized in 1978. In States with laws similar to the Federal compensatory education program and meeting criteria specified in the Federal statute, local education agencies (LEAs) could receive a Federal matching grant. This provision was politically viable, because among other reasons it spread the wealth, was perceived to be fair, involved low levels of funds, was effectively advocated by the Carter Administration, and was perceived as "an American thing to do." Although Special Incentive Grants were not very controversial, they were never funded.

Alternative Monitoring Strategies

Differential treatment can also take the form of different strategies used by Federal program officials in their dealings with State officials. This could mean different amounts of the same strategy for different States, e.g., certain States might receive more technical assistance than others, or they might be subjected to more compliance-oriented monitoring. Or this might mean different strategies in different States, e.g., some States might be subjected to a heavy-duty enforcement approach, while others might receive help in developing their organizational capacity.

Bypass

Another form of differential treatment involving program management is the bypass: the Federal Government either can go around a State and deal directly with localities, or it can make arrangements with a third party to run the program. The bypass idea was popular, at least among policy analysts, in the late 1960s and early 1970s when it was fashionable to criticize the competence of State and city governments and advocate a stronger Federal role in the implementation of social policy. Despite the fascination of policy analysts with the need and potential for the bypass, it was an idea without a constituency. It never caught fire and there is little evidence that it was seriously debated by policymakers.

But there is one exception—one example of a bypass in education operated at a modest level. Under the Elementary and Secondary Education Act (ESEA), the Federal Government authorized to bypass those States that were unwilling or unable to provide compensatory education services to disadvantaged youngsters attending private schools. If the Federal Government found lack of compliance in a State, arrangements were to be made which would remove authority from the State to carry out compensatory education programs for private school children. In fact, however, the provision was implemented only in Missouri and Virginia.

Extra Requirements

Differential treatment can also be applied to the imposition of Federal mandates by requiring extra requirements for some States. The best example of this approach is found in the Voting Rights Act which makes voting practices in certain States and localities subject to Federal clearance. The law was aimed at southern States which are still arguing that the law is an unnecessary intrusion on State sovereignty.

Waivers

The flip side of extra requirements is a waiver from uniform requirements for States meeting eligibility criteria. Waivers tend to be written to cover hardship cases in order to permit a limited number of exceptions to general rules. In the 1978 ESEA Amendments, several exemptions from Federal requirements were included to deal with special cases, e.g., a waiver of the supplanting prohibition applying only to California.

Waivers that could be applied to a number of States, and which are not limited to a couple of exceptions are rare. One example of this is the waiver provision contained in P.L. 94-142, the Education for All Handicapped Children Act, which many thought could potentially take effect in a number of States. This waiver would exempt eligible States from the "non-supplant" prohibition, permitting them to use Federal funds to pick up a portion of the costs of existing programs for handicapped children, rather than requiring them to provide 'supplementary" services.

WAIVER OF REQUIREMENTS

Despite the variety of differential treatment mechanisms, the waiver stands out as the most popular reform strategy in the education sector. Unlike the bonus, it focuses on a national concern, the weight of Federal regulation. Unlike the bypass and extra requirements, the waiver promises less and not more Federal intrusion.

Waivers designed to provide relief from Federal requirements in many States, as distinct from the more prevalent hardship waivers that are granted in very unusual situations may take a number of different approaches. One possibility would be to authorize the Federal Government to use its discretion in granting waivers of Federal requirements with the specific standards of eligibility worked out by the Executive Branch. Chapter 1, ECIA, for example, could be changed to allow waivers for those States that had State compensatory education programs similar to Chapter 1. The discretionary waiver in P.L. 94-142, is a precedent for this in education. Another approach would be to authorize the Federal Government to grant waivers based on explicit criteria written into the law in order to reflect the relative performance of the States in terms of similar State programs.

Obstacles to Congressional Passage

Although hardship waivers and exceptions are adopted by the Congress regularly, Congress would respond differently to waivers designed to eliminate Federal requirements in numerous States. It is interesting to understand why such a logical idea has a limited constituency and potentially strong opponents.

The most vocal critics are likely to be the advocacy groups associated with categorical programs which might be considered for waivers such as

ECIA Chapter 1, P.L. 94-142, and bilingual education. Their main objection would be that a provision for discretionary waivers is actually Federal control in disguise. In the absence of explicitly written Congressional criteria, the Executive Branch could use waivers to turn Federal programs over to the still distrusted States.

Another argument likely to be advanced by opponents of State waivers is that granting one would reduce the pressure for good local programs because the Federal "seal of approval" would reduce the likelihood of compliance in non-responsive districts. This problem would be exacerbated by a reduction of within-State pressure for compliance. Advocates also argue that the State waiver would reduce pressure for good programs by putting "intolerable pressure" on the State to grant local waivers when they couldn't be justified. Finally, advocates worry that the Federal waiver would make it more difficult to increase State funding for special needs populations.

Opponents could argue that less State funding was required because the waiver allowed the substitution of available Federal resources. Members of Congress might also be opposed to discretionary waivers because of their potential abuse. Uniformly applied rules may be inflexible, but they do provide a known standard and a government that operates by rule of law.

Somewhat surprisingly, opposition could come from those who one might expect to be the strongest supporters—the States. If, for example, the Council of Chief State School Officers (CCSSO) were to support waivers, they would in effect be advocating special treatment for some of their members. In the absence of agreed criteria, this could create resentment among its membership, resulting in competition in place of collaboration.

It may be easy to identify enemies of waivers, but not friends. One might think of groups with an interest in promoting federalism; however, any organization (e.g. the Advisory Commission on Intergovernmental Relations) that is associated with a broad inter-State constituency is unlikely to be a supporter. This leaves a small band of policy analysts, and a few advocates in the Congress and Executive Branch, who think about federalism in pragmatic ways that are not tied to a broad constituency.

Design of Waivers

With few friends and many enemies, discretionary waivers don't appear to have a bright future. But perhaps the opposition could be softened by trying to reach agreement on specific criteria and writing them into the law. This would avoid the problems associated with administrative discretion and would help build a constituency for waivers. To avoid pejorative comparisons of "good" and "bad" States, the criteria could measure whether States have adopted priorities similar to those of the Federal Government. It is one thing to point to a State's poor performance; it is quite another to observe that the State has chosen not to pursue a certain priority.

More specifically, perhaps the approach and criteria used in the Special Incentive Grants, discussed, earlier, could be used to grant waivers from Federal requirements under the new Chapter 1. Perhaps similar criteria could be adopted in other equity-oriented programs, such as those for the bilingual and the handicapped. Although this approach is worth exploring, it would also probably encounter strong opposition in the Congress, despite the successful passage of the Special Incentives Grants. A waiver of requirements is very different from a 10 percent bonus. People think differently about a small reward for good work than about providing freedom from Federal rules. The latter is bound to be more controversial.

The main difficulty to adopting waivers would be finding agreed eligibility standards. Part of the problem is technical. Ideally, one would want standards, or criteria, tied closely to program goals that were objective, clear, essentially self-executing, and perceived as fair. It is difficult to imagine, however, similar ideal standards for education waivers, particularly if the concern is performance. Organizational capacity, commitment to equity, and political will are subtle matters. Judging them well requires detailed contextual knowledge, and they don't lend themselves to easily identified factors. Surrogate criteria, of course, could be used as was the case in the Special Incentive Grants. A closer look at that provision, however, suggests areas of controversy in terms of interpreting Federal requirements for States to be eligible for a waiver. If standards involve the existence *and* performance of State programs, the technical problems in generating acceptable standards would be staggering, despite the recent gains in our knowledge about the States.

The problem in reaching agreement on standards of eligibility is, of course, also political. On the one hand, to insure the political viability of a waiver proposal the number of eligible States would have to be reasonably large to garner the necessary votes. On the other hand, advocacy groups, if they entertained the idea of a waiver at all, would fight for requirements that would drastically limit the number of eligible States. At a minimum, they would probably hold out for requiring that State programs in eligible States contain a "supplement not supplant" and a within-

LEA "targeting" provision, and would want evidence that both were being implemented.

This is not to say that it is impossible to pass a waiver provision. One can imagine a well-placed advocate in the White House or Congress succeeding over the objections of the now much weaker advocacy groups. Or one can imagine a waiver being acceptable because it is a "better solution" to some problem than the available alternatives. It is probable, however, that the waivers would be controversial, even if criteria are written into the law, and the criteria themselves are bound to be ambiguous and not self-executing.

Obstacles to Implementing Waivers

If a waiver were to pass the Congress, it would also face at least two other obstacles: bureaucratic reluctance to implementation and the possibility of limited demand from eligible States. Left to their own devices, program officials would probably resist the implementation of waivers for a number of reasons: a vested interest in the status quo, inertia, fear of something new, a mindless distrust of the States, and extra work. Waivers would violate established standard operating procedures in categorical programs and call for new ways of dealing with the States.

Some agency officials would object because waivers conflict with their view of the appropriate Federal role. This would be particularly true for equity-oriented categorical programs. Many Federal officials, however, worry about administrative costs as well as client benefits, and the waiver presents them with a dilemma. On the other hand, they would like to accommodate States and localities by reducing unnecessary red tape, waiving irrelevant requirements, and by providing flexibility. On the other hand, they worry about the consequences of granting waivers, or tipping too far towards accommodation.

Officials would worry that waivers could result in fewer resources for their programs, by undermining their most potent political argument—extra money is required for needy children. Congressional friends of the program would also resist allowing the States to substitute Federal dollars for State dollars. Moreover, Congressional opponents could argue that the waivers demonstrate that fewer resources were needed by the Federal office for administration because they are dealing with fewer States. Since Federal officials are understandably committed to maintaining their program efforts and are thus concerned about organizational health, the implementation of waivers would pose a threat.

Federal officials would also worry that the granting of waivers could undermine program implementation. They think that less pressure for compliance would result in less compliance in even the most progressive States which, like others, are buffeted by strong compliance pressures. Another worry would be the working relationship between Federal and State officials. Waivers would change the norm of equal treatment and could embarrass State officials. This could undermine the mutually dependent relationships required for administering Federal programs. (This could be mitigated, as noted earlier, if waivers were based on the State adoption of a priority, rather than a Federal evaluation of State performance. But doing so would generate complaints from advocacy groups and others.)

Finally, Federal officials would worry about the risks involved in exercising their judgment in the absence of clear grounds for justification. They would have good reason to fear political and legal attack for granting a waiver followed by evidence of abuse. Bureaucratic reluctance, of course, could be overcome, by changes in the career civil servants administering the programs, by changes in their disposition (they are not blind to election results), by policy-level officials who are willing to take the heat, and by White House pressure to grant waivers.

The Occupational Safety and Health Act (OSHA) provides an example of where waivers (i.e., partial exemptions) were implemented in several States under pressure from the Nixon and Ford Administrations. It is an interesting example because it might provide an important precedent for education. OSHA offers States the opportunity to develop plans to operate their own safety and health programs. The approval process is multi-staged, complicated, and clever. Under pressure from the White House, and for other reasons, OSHA has been fairly permissive with the States, although not surprisingly it has certified no State program as "fully effective."

Another obstacle to implementing waivers is that for several reasons States might not find the idea enticing. First, State officials might see it as "less opportunity to create friends than as one to create enemies" (Thompson, 1981, p.242)—this happened with OSHA. For all the complaints about Federal intrusion, the Federal Government can also be a convenient scapegoat. Second, waivers could increase State administrative costs through costs incurred in applying for waivers including supplying the necessary information and meeting with Federal officials. In addition, the State costs of running the program could be higher because of its increased responsibilities. Third, those States most likely to meet the conditions for a waiver, might be the least likely to apply given the current State and local concerns about government expenditures. A waiver could put these States under terrific pressure to spend the money elsewhere, thus diluting Federal program pressures. Finally, the flexibility offered by waivers probably is less appealing when fewer Federal dollars seem likely in the future.

The Merits of Waivers

If implemented, waivers could provide a number of advantages over the current system such as more flexibility, less Federal intrusion, and a focus on promoting quality programs. Waivers could also symbolize a commitment to molding national priorities with a greater role for the States. Implementing waivers could be expensive for the Federal Government, as well as the States, because of the transactions required to approve each application. Because of the stakes involved, it seems unlikely that the Federal Government would accept State supplied data without the opportunity for Federal investigation and for interest groups to present their views.

In addition to staff time, paperwork and travel, the transaction costs also would include the reallocation of scarce resources. Federal officials, instead of providing technical assistance or enforcing laws, would be sidetracked into data collection and analysis activities related to waivers, which is another reason why some Federal officials object to the approach.

Instead of reducing intergovernmental tensions, waivers could end up increasing them. One reason is that waivers would give an unfair advantage to the wealthier States—the ones with the time, money, staff and expertise to prepare an application and enter into lengthy negotiations with the Federal Government. Another reason is that as bad as things are right now for the States, at least all of them are in it together, and all share the Federal burden. If some were singled out for waivers, particularly based on controversial criteria, it is bound to produce complaints about arbitrary decisions.

The waiver, an idea for simplifying and streamlining federalism, could turn out to be costly, cumbersome, and complicated, with the possibility of further exacerbating problems in the Federal system. These potential disadvantages of waivers, weighted against the potential advantages, raise questions about the merit of the idea.

CONCLUSIONS

In conducting an analysis of almost any idea, even a great one, there is a tendency to see the flaws. In making predictions, particularly in these volatile times, it is easy to be wrong. It is particularly easy to jump to erroneous conclusions when an idea is considered out of context and not against others. Still, there is enough evidence, I think, to suggest that differential treatment could fall into the category of "great policy ideas until you try them." There is enough evidence to suggest that policy analysts should do more research on potential consequences and should be more cautious in advocating waivers as a reform strategy. Such caution, however, seems unlikely, in part because of the above mentioned weaknesses of this preliminary analysis (not to mention the weaknesses of feasibility estimates in general), and because the idea is so beguiling, so appealing, so logical. For policy analysts, differential treatment is an idea that's easy to embrace, but difficult to let go.

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SCHOOL-BASED STRATEGIES: IMPLICATIONS FOR GOVERNMENT POLICY

Jane L. David

As governments contemplate new approaches for improving instruction in the public schools, the concept of school-based strategies has received growing attention. There are as many meanings attached to the phrase "school-based strategies" as there are users of the phrase. Nevertheless, a common core of features differentiates these strategies from the bulk of Federal and State reform efforts. School-based strategies represent a departure from the centralized reform efforts of the 1960s and 1970s typified by the Federal categorical programs. Typically, categorical programs focus on particular groups of target students within a school and place primary authority for change at a higher level (e.g., the district or State). In contrast, school-based strategies focus on the school as the unit for change and place primary responsibility and authority for change at that level. Categorical programs also tend to require mechanisms for involving parents in an advisory or approval role but do not specify a similar role for school staff. In contrast, a central element of school-based strategies is the involvement of school staff in planning and implementing change.

These features of school-based strategies stem from a set of assumptions about how schools change. One assumption is that change does not occur unless the particulars of a school and its context are taken into account. A second is that school staff will not be committed to a change effort unless they have had the opportunity to be involved in decisions concerning the shape of the project. A third is that effective schools are characterized by

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a school-wide focus—a set of shared goals and a unified approach to instruction as opposed to several separate, uncoordinated projects and approaches. Finally, proponents of school-based strategies believe either that implementation of the rational planning model will lead to more effective practice, or, more loosely, that any planning effort that encourages self-awareness and reflection on the part of school staff will greatly increase the chances that behaviors will change.

The Bay Area Research Group has completed a study of the Schoolwide Projects Provision of ESEA Title I for the Department of Education and is currently carrying out a study of school-based approaches for the Carnegie Corporation of New York. This paper draws heavily on these experiences, particularly the Carnegie study. In these studies, we have examined several school-based models sponsored by government agencies at the local, State, and Federal levels. These approaches share the basic features and assumptions mentioned above. For example, program planning at the school level is a central element of each approach. However, the different models vary on several dimensions, including the type of mechanisms used to undertake this school-based, school-wide planning. For example, the School Improvement Program in California funds participating schools for a planning year, which is followed by a three-year implementation period. The school is obligated to set up a school-site council representing staff and parents. This council is responsible for developing a three-year plan according to certain specifications and for overseeing the implementation and evaluation of the plan on an ongoing basis.

In New York City, the Local School Development Project is designed to establish a planning group in each participating school with representatives from several different stakeholder groups in the school and its community. The Schoolwide Projects provision of Title I required that planning occur but did not elaborate on that requirement. The Schoolwide Projects provision was included in the 1978 Amendments of ESEA Title I and was based on the premise that many of the within-school requirements were not educationally advantageous in schools with a large proportion of Title I participants. Participating schools were relieved of these requirements. Eligibility was based on the percentage of students from poverty families (over 75 percent) and the ability of the district to provide supplementary State or local funds for each non-Title I student equal to the Title I per pupil expenditure. The provision for Schoolwide Projects was not included in Chapter 1 of the Education Consolidation and Improvement Act (ECIA) which replaced Title I as the Federal compensatory education program.

In some school-based models, an external "change agent" is introduced into the school setting, for a limited period of time, to act as a catalyst. For example, the School Improvement Project in New York City sends a trained liaison person into participating schools for a period of three years. The external agent's contact with the school is typically quite intensive; in the New York School Improvement Project, an individual liaison is assigned to one or two schools at most. The liaison or change agent is not used as an alternative to the faculty council or other mechanisms for involving school staff and community in the planning and management of change.

School-based strategies vary considerably along such dimensions as amount of funding, specificity of requirements, duration, etc. For example, the School Improvement Project in New York City provides no funds directly to schools but does provide a full-time agent. In contrast, because of the required contribution of local or State funds, the Schoolwide Projects Provision of Title I provided, in some cases, considerable money but no change agent.

Do school-based strategies hold promise for Federal and State policymakers interested in improving instruction? The purpose of this paper is to raise some of the issues that policymakers should consider in assessing the potential of such strategies for achieving their purposes. The discussion centers on the planning aspect of school-based strategies because of the centrality of planning to such approaches. This research has not yet looked at the connection between planning and instructional change because it was necessary to look at the first step in the chain—the establishment of a planning process. A few caveats should be kept in mind throughout the paper. The evidence that we draw upon is preliminary; it is also based on investigations of elementary schools which serve predominantly disadvantaged populations. Hence, the strategies have been put to a tough test by investigating schools with the toughest educational problems.

In the remainder of the paper, factors associated with successful planning in schools are discussed in addition to the relationships between these factors and the policy tools typically available to governments. Finally, some conclusions are presented about the potential of school-based strategies as a tool for instructional improvement.

RESOURCE REQUIREMENTS

For reasons discussed elsewhere in this paper, it is too soon to judge the value of school-based approaches. However, work in the Carnegie study, as well as research done by others who have investigated the change process in schools, has identified some of the resources that must be present for both the planning and implementation of school-based change to occur. The list includes material resources such as time and money. It also includes less tangible items, such as new ideas, organizational skills, and support capabilities. Some of the required skills and capabilities are almost certainly present within the faculties of some schools. In general, however, school staff lack certain critical skills needed to assume significant responsibility for the planning and management of change efforts. Even where the ideas, skills, and capabilities required are already available, school staff do not generally have extra time on their hands to devote to planning and management or extra funds to purchase materials, training, and other assistance needed to translate ideas and plans into reality.

The first resource requirement is *released time for teachers*. As public servants already overburdened with demands, teachers are not likely to feel strong enthusiasm for or commitment to a time-consuming process of planning without some incentive. Although released time is not necessarily a powerful incentive (replacing one set of tasks with another), it is a necessary precondition for teacher participation in a new time-consuming process. For a group of teachers (and others) to tackle seriously questions of goals, priorities, plans, implementation of change, etc., frequent meetings (e.g., weekly) of several hours' duration will be needed, in addition to some time for preparation between meetings. To expect teachers to contribute this kind of time and energy on top of their other responsibilities is unrealistic.

The second requirement is *skill in identifying problems and their sources*. Principals and teachers are unlikely to identify themselves as the source of problems; and finger pointing leads to tension and defensiveness. Therefore, it is often helpful to have a trained outsider who has both credibility and tact (e.g., a former teacher), and who is not perceived as a threat (e.g., not from the district office). Such a person must bring with him or her constructive suggestions on how to change.

Third, a planning group needs *good ideas*. Most school staff (and parents) have limited experience outside their own school. Many were trained years ago and have limited access to new ideas and knowledge. Moreover, teachers in particular are accustomed to thinking in terms of their own classrooms rather than the school as a whole. It is not that school staff are without ideas—they have plenty—but the ideas are often specific to their classes and, often, merely a reflection of the current fad. Where the good ideas might/should come from is a problem—from the standpoint of whether they exist, who has them, and under what conditions teachers would seek them out.

Fourth, school staff need someone who can *organize a planning group and run meetings.* Trivial as these skills might seem, if no one has had experience organizing a small working group and leading discussions in meetings, it is unlikely that a planning group will get started or operate effectively. Whether these skills require involving an outside person or drawing on internal staff is less important than having someone with the experience to share. Note, however, that teachers are trained to work with children, not with adults. If the skills reside in an outsider, this person must have the skill to transmit these organizational skills to those who reside in the school.

Fifth, some type of *logistical support* is needed for organizing, keeping track of, and communicating about the ideas and materials that are involved in the planning and implementation process. There needs to be someone in a school, usually not someone with full-time teaching duties, who is responsible for things like taking notes in planning meetings, collecting written assignments (e.g., plan components) from teachers, putting all this together in a draft plan for the school, referencing and tracking the needed materials (who has what and for how long), and generally doing the necessary follow-up work, record keeping, and other paperwork needed for a planning process to operate smoothly.

Sixth, school staff need *access to material resources.* For staff to plan seriously for change, they need to know that funds will be available to implement the changes. While some plans are costly and require substantial new dollars, others can be implemented at little cost *if* there is someone with know-how—a red tape cutter. Such persons can often obtain materials at minimal cost by contacting publishing houses, soliciting donations from businesses and community agencies, etc. This person can be the principal, a staff member, a parent, or an outside person who acts on behalf of the school.

Finally, schools need a *mechanism for involving school staff* in the planning process. For small schools with faculty numbering less than 20, a complicated mechanism is rarely needed. Full faculty meetings can occur on a regular or an ad hoc basis and serve the function of informing everyone simultaneously and soliciting reactions. For larger faculties, a representative system of some type is usually more appropriate; such a mechanism might include a representative from each grade or from each subject area. These representatives solicit input from and report back to the groups they represent. Implicit in having such a mechanism is the willingness of the school leadership (principal or cadre of teachers leading the planning) to accept the input.

GOVERNMENT ROLES IN SCHOOL-BASED STRATEGIES

The preceding discussion of resources is not intended to be exhaustive but it illustrates many of the conditions observed in schools with successful planning efforts. Although these conditions will rarely all be present, the absence of one or more diminishes the likelihood that a meaningful planning process will be established. The extent to which government agencies can encourage school-based planning; the resources that governments can provide and the issues of regulation are examined in this section.

Resources

Governments typically provide resources in the form of financial assistance and technical assistance. In the following discussion, this distinction is blurred because most of the resources discussed above are skills and assistance rather than items usually purchased with new funds (e.g., aides and materials). A government agency can attempt to provide skills and assistance to schools by supporting change agents or other technical assistance providers. Alternatively, it can provide schools with the financial resources needed to purchase such services.

Obviously, schools are not likely to undertake major planning and improvement efforts without assistance. Financial assistance can be used both to purchase some of the resources described above and to implement improvement efforts that require additional staff or materials. Funds can be used to purchase released time for teachers or to compensate teachers for additional time spent on planning activities. (These options might be constrained by collective bargaining agreements.) Funds can also pay for a change agent or liaison to assist with the needs assessment, for organizing a planning group, or to purchase needed logistical and clerical support.

Although staff and materials needed for the planning process may be minimal (with the exception of approaches that use a full-time liaison), implementation of the resulting plans may require more substantial support. For example, in some Schoolwide Title I schools where the increase in funds was often substantial, large amounts were spent on hiring additional staff in order to effect drastic reductions in the teacher/pupil ratio for all classes. We also saw schools in which the entire reading curriculum was replaced in order to have a continuous reading program throughout the grades.

In addition to financial assistance, school staff need assistance ranging from help in identifying their problems to help in identifying solutions. We observed schools in which needs assessments conducted without outside assistance resulted in recommendations for expensive changes that had little or nothing to do with instruction. For example, one school (among the lowest achieving schools in its system) decided that their most pressing need was a new gym. Under the tutelage of their liaison this plan was revised to reflect the staff's newly discovered low expectations and a new reading program that coordinated and kept track of student progress across all the grades was initiated.

Whether such assistance is provided directly or indirectly, the challenge is the same. The assistance needs to be provided by a person—rather than a booklet or guide—who is 1) familiar with the particulars of the school and credible to the staff (e.g., a former teacher), and 2) highly skilled in both substantive areas (e.g., reading instruction), and process (e.g., how to organize a group and gain their confidence without becoming indispensable).

Logistical considerations make it virtually impossible for the Federal Government to provide this kind of assistance directly, except on a limited scale. (State governments are also unlikely to have sufficient staff to provide these services directly.) Even under a system of regional offices, it is unlikely that there would be enough qualified staff to provide this type of assistance. Some Federally supported models can be found for delivering assistance in person, however. Examples include the National Diffusion Network and other dissemination efforts that make use of linkers and other change agents (although these tend to focus on spreading particular projects rather than encouraging development of new approaches). Another model is the Technical Assistance Centers (TACs) set up to provide assistance to local staff in evaluating their ESEA Title I projects. These centers, independent contractors to the Federal Government, are staffed with highly trained professionals who share their expertise with local staff through regional and local workshops, visits, and materials. TAC staff are always available by phone to answer questions and provide advice. While this is a far cry from a full-time on-site liaison, these types of readily available services are far more likely to be used than the usual booklets and guidelines.

In general, the farther the funding agency from the school, the more difficult the provision of technical assistance. For this reason, assistance focused on developing leadership and organizational skills within the school staff might be a more promising strategy than assistance that relies on exceptionally talented individuals.

Finally, governments can influence the likelihood of establishing successful planning processes through the selection of participating schools. Schools are more likely to implement school-based planning when there is at least one key leader (not necessarily the principal, although opposition by the principal can preclude change) who perceives a need for change and desires to do so. In practice, this translates into some sort of self-selection mechanism for involving schools in a planning process. Most of the strategies we observed took this need for motivation into account in one way or another. For example, California's School Improvement Program extends to schools which have volunteered to participate (within certain constraints prescribed by the State). Presumably, volunteering suggests something more than a desire for money, although this is more problematic in times of shrinking resources; some schools chose not to participate because the planning process was too time consuming to make the additional funds seem worthwhile. The School Improvement Project in New York City involves only those schools whose principals clearly understand that the project requires opening all aspects of the school to scrutiny. Schools in which the principal was not open to this kind of close scrutiny or did not perceive the need to improve were not selected for participation or were dropped at an early stage. This suggests that governments should consider the commitment of potential participants in the mechanism used for selecting schools.

Regulation

Discussion of government support to schools engenders debate over how much to require and regulate versus how much to leave to the recipient's discretion. A school-based strategy further complicates this debate, because the underlying premise of the approach is that school staff must have the opportunity to assess their needs and determine the best approach for meeting them. Prescription and regulation run counter to this premise. Obviously, a government agency wants some assurance that the money it sends is being used for the purposes to which it is directed. The tension between prescription and regulation on the one hand while providing incentives for staff-initiated plans and action on the other pervades any discussion of the use of school-based strategies by government agencies.

Under a school-based planning strategy, a government agency can theoretically regulate every step of the process as well as the product. It can require that a planning group be formed, that the group have a certain composition, how they are to be chosen, how often they meet, what kinds of records are to be kept on the meetings, and so on. Each of these requirements can be general (e.g., the planning group must consist of teachers and a representative of the school administration) or highly specific (the planning group must consist of two teachers from each grade, the principal, and six representatives chosen by the community). If the process is specified in detail, the risk is that all the energy will go into meeting the procedural requirements. To the extent that the process is driven by a set of rules about how it is to be done, the likelihood that it will be perceived as intended (i.e., that it will be "owned" by the staff) is greatly diminished. For example, in some California School Improvement schools, the required school site council is a pro forma group, a subset of other advisory councils required by law, which meets at the same time as the other groups. At the other extreme, if there are no procedural requirements for the planning process (particularly in the absence of resources), the risk is that no planning will occur. This was the case in many of the Title I Schoolwide Project schools in which there were no specifications for a planning process.

In practice, the greatest problem with such planning groups is the tendency for the principal or other school leaders to take complete control of the process without soliciting input to or reaction from the rest of the staff. This suggests that a mechanism for staff involvement might be required. Again, however, if the requirement is highly specific rather than general (for example, a general requirement might be that the school have such a mechanism which is described in writing), the risk is that the mechanism will exist only on paper.

The government can also require, with varying degrees of specificity, that a plan be developed with a particular format and particular substance. For example, California's School Improvement Program requires that seven subject areas be covered in the plan over a three-year period. Initially, schools had the choice of one of three formats for writing the plan. A fourth option was later added in response to criticism—a narrative format with no specifications. New York City's School Improvement Project was based on five factors presumed to be associated with effectiveness; hence participating schools were required to address these five factors in their plans. Again, tension exists between requiring something specific (and running the risk that the local discretion intended by a school-based strategy is lost in the process) versus having no requirements (and running the risk that the plan will not be developed).

The extent to which regulations affect behaviors is also a function of the way in which they are monitored and the sanctions for noncompliance applied. Staff generally put considerable effort into that which is most readily monitored, particularly where monitoring is accompanied by the threat (real or perceived) of discontinued funding. Since it is harder to monitor the quality of a planning process than to inspect forms and documents, the combination of specific requirements, monitoring, and the associated fear of sanctions is likely to divert attention away from meaningful planning towards paperwork that demonstrates compliance.

Finally, government agencies must recognize that schools operate under regulations from multiple sources which limit discretion and thus strongly affect how a school-based approach is implemented. Between State and district curriculum specifications, lists of approved textbooks, and a multitude of other district, Federal, and State requirements, staff in some schools may not have much room for creating major changes. Moreover, at the present time there are a large number of State and Federal programs, particularly in schools serving disadvantaged populations. The rules and regulations associated with these programs place additional constraints on school staff. A strategy designed to foster schoolwide planning that ignores these constraints has a poor prognosis for success. One model for dealing with this problem is to devise a system in which certain regulations and restrictions are waived under certain conditions. This approach, however, does not solve the problems posed by the existence of both Federal and State regulations since neither government has the authority to waive requirements of the other.

CONCLUSIONS

A definitive judgment on the potential of a school-based strategy is beyond the scope of this paper. Such judgments must rest on the particular purpose which the strategy is intended to accomplish and the particular circumstances in which it would operate. The strategies cited earlier vary considerably in their specific purposes. For example, the Schoolwide Projects Provision of Title I was designed to facilitate instructional improvement by relieving schools serving predominantly disadvantaged students from several burdensome regulations. In contrast, the School Improvement Program in California was designed to improve instruction through establishing a planning process in all types of schools (and evenutally all schools). Thus, a school-based strategy can be used as part of a broader goal of increasing opportunities for special needs students or as a strategy for improvement in and of itself.

Nevertheless, it is possible to cite some general strengths and weaknesses of school-based strategies. The strengths include the opportunity for schools to develop programs appropriate to their particular circumstances (including their needs and capabilities). Similarly, school-based strategies increase the likelihood of staff commitment to change through their participation in designing the change. After a decade of externally defined change efforts, these virtues should not be underestimated. Moreover, in contrast to most reform strategies, school-based approaches can minimize (at least theoretically) the instrusion of multiple sets of program regulations.

School-based strategies also suffer some general weaknesses, most of which stem from the fact that such strategies would not operate in a vacuum. It is difficult to preserve discretion at the school level without bypassing intermediate levels of authority which in turn can cause problems among levels of government. It is especially difficult to imagine the Federal Government effectively implementing a national improvement strategy that places primary authority on individual schools (and hence limits authority of States and districts). Moreover, a school-based strategy is difficult to implement in a context of other reform strategies that are not school-based. It is also the case that a clear link between a successfully implemented planning process and measurable improvement in instructional practices has yet to be established. This "weakness," however, is by no means limited to school-based strategies.

Therefore, the promise of a school-based strategy must depend on 1) the particular purpose one is trying to achieve and 2) the relationship between the particular strategy and our empirical knowledge of what it takes to bring about school level change. Government policy has usually been designed around what governments can easily do. However, over the past decade we have learned a great deal about schools and how they change. Further Federal and State strategies for improvement should be grounded in this knowledge rather than pieced together from existing policy tools without regard to how schools are likely to respond.

PRODUCTIVITY IN ELEMENTARY AND SECONDARY EDUCATION PROGRAMS

David S. Seeley

One reason the term "productivity" has not been popular in education circles is that it sounds like factory talk—and it is deemed unsuitable for a humanistic enterprise. Whether or not the term itself is used, the concepts of productivity are with good reason increasingly on the minds of educational policymakers. "There is mounting public concern over whether government programs have yielded payoffs commensurate with their costs," according to Ginsburg and Turnbull (1981). Carter (1980) writes, "There is no positive relation between the total cost of the personnel and other resources used in instruction and growth in achievement." Another says, "The record suggests that schools, wittingly or not, do not use available resources in a productive manner. It is clearly easier to request additional funds than to know how to use them effectively." (Hanushek, 1981).

The underlying thesis of the paper is that State and Federal education programs are unproductive in part because they focus on the *delivery of educational services* rather than the *improvement of learning*. Most citizens assume that the major purpose of the programs is to improve learning. Most programs, however, are actually designed to produce increased or "improved" educational services. These services are expected to increase learning, but may or may not actually do so. This is a major source of frustration about the programs, and a major source of confusion about goals, purposes, and productivity.

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222

WHY THE INCREASING CONCERN ABOUT PRODUCTIVITY?

The combination of increasing demand for learning outcomes, rising costs, and mounting taxpayer resistance is likely to keep the focus on educational productivity in the years to come. For example, minimum competency testing has been instituted in more than half the States and demonstrates a public concern for learning outcomes that is unlikely to go away. There is a rebellion against "social promotion" by which students are moved through grades regardless of learning outcomes. Unfortunately, however, the demand for increasing outputs comes at a time when the cost of inputs is also increasing and revenues are limited. If revenues could be counted on to increase commensurate with both the increased costs and demands for outputs, productivity would not be such a key issue.

It is important to realize that factors determining the availability of revenues are different from, and largely independent of, factors contributing to the increase in costs. While some of the reasons for increased costs may be perfectly legitimate (such as the effect of inflation on labor intensive activity), the factors which result in increased costs do not necessarily produce the revenues needed to cover them. Likewise, when the revenues are not forthcoming to cover the increased costs, this does not necessarily reduce cost levels. On the contrary, the costs often continue to rise even while revenues are decreasing. The typical consequence, of course, is reduced services, as has occured in many school districts. With costs increasing, insufficient resources available to cover them, and demands at the same time for increased outputs, there is no way of avoiding the need for greater productivity.

DEFINING PRODUCTIVITY

For the purposes of this study, productivity will be defined as *learning per dollar spent*. The basic flaw with defining educational productivity in terms of services delivered per dollar spent is that learning is not something that can be "delivered" to people (Seeley, 1981). It is a process of growth and development which can be assisted by teachers, but the prime actors in the process are the learners—the students. The major problem with the service delivery concept, and all the policies and practices built upon it, is that it draws attention away from the student as the prime producer of learning. Teachers with all the necessary qualifications and certifications can deliver educational services which meet all the specifications of bureaucratic job descriptions, local rules and Federal regulations, but unless the students are engaged in learning, no learning takes place. And that, unfortunately, is not just a hypothetical proposition; it describes the situation for thousands of students in classrooms across the country.

It is easy to see how education has come to be defined as the delivery of educational services, especially from a government point of view. The governmental body, whether it be a local school district, SEA, or the Federal Government is, after all, not doing the learning; it is only assisting those who are learning. And the assistance can easily be defined as a "service." Once governmental policy has defined and institutionalized the service, however, the focus of attention and policy shifts to the service and all of its bureaucratic, professional, and political ramifications. These are matters over which the governmental process can be presumed to have some control and can be made subject to regulation and accountability. The students are outside of the governmental-bureaucratic system; they are not subject to regulation and control. They therefore tend to be redefined not as the heart of the process but as the "targets" of the service—the people to whom the service is "delivered."

Another counterproductive aspect of the service delivery concept is its tendency to direct attention away from learning outcomes. Once educational needs are translated into educational services, the services become the goal of the program. It is simply assumed that the services have a direct relationship to improved learning. "So pervasive and fundamental to Federally funded programs" did one study find this assumption that when its data revealed that increased and more costly services failed to produce more learning, the data were reexamined to see if there had somehow been a "faulty analysis" (Carter, 1980). What was faulty, of course, was the assumption itself—educational services do not necessarily lead to improved learning, and they are sometimes quite far off the mark.

The problem is that when service delivery programs fail to produce improved learning, the tendency is to try to remedy the problem by delivering more services, instead of trying to correct the problems that made the services unproductive in the first place. This, of course, only further increases costs and reduces productivity.

PRODUCTIVITY IN FEDERAL PROGRAMS

The basic incentive system of most Federal education programs works to increase costs, not learning. The incentive is to "add on" extra services. The services are easily identifiable, and they serve the political purposes of both local and Federal officials, since they can be pointed to as the benefit produced by the Federal funds. The services are also more easily auditable, since the bookkeeping can be kept separate, and they can be easily dropped in case Federal funding, always uncertain, is taken away. Federal programs can leave existing operations unchanged and unchallenged, and yet they can promote the illusion of change and innovation even when they accomplish neither. They can themselves often be easily "institutionalized regardless of their relative effectiveness" (Goettel et al., 1977).

In view of the basic structure and orientation of Federal programs it should be no surprise that as Ginsburg and Turnbull (1981) found, "Federal policies have been far more successful than many ever expected in targeting resources to specific purposes and populations," but that "the goal of significantly improving educational outcomes for participating children has, for the most part, eluded Federal funding programs." Despite the fact that many in Congress and the country at large hoped that the programs would increase children's academic achievement, the actual policy structure of the programs as they interact with State and local school systems makes it clear that the allocation of funds and delivery of services become important goals in themselves which, as the NIE study on the Administration of Compensatory Education points out, may "define the practical limits of Federal action to promote the development of children" (National Institute of Education, 1977).

IMPLICATIONS FOR POLICY

Changes in policy to deal more effectively with productivity must be considered in relation to a changing governmental context. Increased local concern about productivity has surfaced as a result of several ongoing trends—e.g., increasing public demand for better results from the schools, limited revenue, recognition that schools cannot sustain a widely expanded role in society, and increasing willingness of school officials to cooperate with non-school agencies and resources. In short, there is more willingness to examine new ways to "get the job done" with available resources or, in other words, to use available funds more productively.

While local school boards are reexamining their policies and practices, the Federal role in education is undergoing an even more fundamental reexamination. In view of past history surrounding Federal education programs, any discussions about the future governmental roles in education must consider strategies for making Federal and State initiatives more effective, particularly in regard to productivity. This is especially true since some steps for reducing the Federal role might exacerbate the productivity problem.

Highlight Productivity

The most obvious lesson from this analysis is to *pay attention to productivity*. It clearly cannot be assumed that either State and local educational agencies, or Federal bureaus in their interaction with the State and local levels, have natural incentives to spend funds productively. The incentives are generally to spend more money, not to produce more learning for the money spent (Hanushek, 1981).

The present context also holds a potential for unhealthy interactions between Federal and State-local governments that could reduce productivity further. Because many school districts are also suffering cutbacks in State and local funds, there are pressures to use available Federal funds to fill in the gaps that develop between the ever-increasing costs of local services and the State and local funds available to pay for them. The trend toward block grants and other ways of removing the "strings" from Federal funds may increase the likelihood that local officials will simply use Federal funds to support unproductive programs rather than examine possibilities for spending local funds more productively. The result could be even lower productivity than at present. The "freer" the Federal funds, the greater the risk that they may be spent unproductively.

There are, however, countervailing pressures that could lead to greater productivity if sufficient attention is paid to it. For one thing, as discussed above, the current pressure to improve "outputs" makes it harder merely to cut services or shift funds unproductively. Recognition that the funding limits are not temporary creates a better climate for considering the productivity improvements. As to the theory that "change costs money," this may be true when school systems are generally in equilibrium, when available funding more or less covers the costs of existing, accepted operations, and the Federal Government is trying to "buy" change. But there is another condition that can also produce change—when the local system is not in equilibrium, and where local pressures for change are generated either by lack of funds to support existing programs or by dissatisfaction with current programs. Both of these conditions are now increasing in many local school systems.

Shifting from Service Delivery to Partnership

The single greatest contribution Federal policy could make to improving productivity of both its own programs and State and local school systems, is to recognize the unproductive nature of the present service delivery approach to education and assist in shifting public education policy toward a partnership or collaboration approach which makes more productive use of all available resources. The unproductive nature of the service delivery approach and the partnership alternative have been discussed earlier in this study and elsewhere (Seeley, 1976; 1981). In considering possible Federal roles in education, the Federal Government could adopt policies which 1) at a minimum, avoid reinforcing the service delivery approach and 2), where appropriate, assist State and local school systems to shift from a service delivery approach to a productive partnership approach.

Avoid reinforcing service delivery approach. Pouring money uncritically into State and local service delivery systems only intensifies and further entrenches the service delivery approach to education. It ''schools'' both public officials and the public to see education as the delivery of educational services, and provides funds to feed the service delivery machine even when it is not working, thus inhibiting the exploration of the approaches and resources.

Assist in changing service delivery approach. Most school districts are unconscious of their ''service delivery'' approach to education; it has become so ingrained that it is taken for granted by both staff and the public. There are several things that Federal policy might do to help people understand that such an approach tends to ignore the most important producers of learning—the students—and to inhibit use of many resources than can help improve learning:

- Support research and policy analysis that sheds light on this phenomenon and disseminate the results widely, not only within professional circles, but to parent and civic groups, and the public at large.
- Keep the focus on learning outcomes. The tendency of service delivery systems is to focus on the services as the final outcome of the system; by keeping the focus on learning outcomes it is harder to maintain unproductive practices. Requirements that learning results be reported both within the system and to the public can help promote local efforts to improve productivity without intrusive Federal involvement.
- Promote partnership, collaboration, and other approaches that make

> maximum use of all resources. One of the most striking examples is peer tutoring, in which other students, either the same age or older, help those who are falling behind. For small expenditures peer tutoring can produce impressive returns, both academic and behavioral, for both the tutors as well as those tutored. The fact that it has been so seldom used or even considered by school systems is one of the signs that productivity has not been a major concern. In the present climate, however, there is more interest in such programs. Federal policies which help local school systems (and local parent and citizen groups) know about the high productivity yields of programs that use student and adult volunteers. Local business and community resources, etc. would help to foster approaches that increase the learning/cost ratio.

"Partnership" and "collaboration" are becoming such popular terms that they are in danger of becoming meaningless "buzz words." It is important, therefore, to combine the emphasis on collaboration with the emphasis on learning outcomes. "Collaboration" or "partnership" can become merely a way for people to meet endlessly, perhaps with the result of improved human relations, but not necessarily student performance. For productivity purposes, the collaboration has to be for the purpose of improved learning outcomes.

Increase Local Accountability

One of the reasons for the poor productivity of Federal education programs, as explained earlier, is that the assumption of local incentives for productive expenditures is often unfounded. One way to increase the chances that such incentives will be present is to encourage more effective public participation at the State and local levels. Bureaucracies often fool themselves as well as their constituents by the process of goal displacement, so that the delivery of educational services, for instance, is accepted as adequate performance, even though the services fail to produce adequate learning. Parents and citizens, however, are less likely to accept such displacement so long as they know what is going on.

Davies, Clasby, and Burges (1976) call for a "new style" of Federal involvement consisting of strengthened planning and management at the State and local levels and more public participation. They set forth steps for implementing such a new approach, including replacing most categorical programs with procedural requirements for ensuring effective planning and participation at all levels, including the individual school.

School-level planning and participation can be effective in promoting increased productivity. It does not always have this effect, however. At least two dangers have to be avoided: 1) sometimes the participants think they have been asked to supersede the regular governance system of the district, thus threatening the teachers, the school board, or both, resulting in the proceedings being aborted or subverted, and 2) sometimes the staff co-opts the process and effectively diverts its attention from the changes needed to improve academic performance (Goettel et al., 1977). It must be made clear that the purpose of the joint planning is to develop a true collaboration for the purpose of improved achievement, with both parents and teachers agreeing to make the changes needed for such a result. With such a change in spirit and commitment considerable increases in productivity are possible, since both school and community resources can be more fully engaged in a concerted effort to achieve common learning objectives. Without such changes, however, planning and participation can become mechanical, time consuming, and unproductive.

Accountability is often deceptive. What might appear as a tight and effective accountability system might actually interfere with productivity if it generates rigid procedures and ineffective responses. One way to help prevent this is to make sure that accountability is not merely a bureaucratic procedure for satisfying rules and procedures, but engenders mutual accountability between school staffs and students and parents, so that all feel accountable for fulfilling their responsibilities and producing results.

Special Urban Policies

One of the problems with devising education policies that are both legitimate and productive is that they must cover many different situations. Policies devised to prevent abuses in one kind of system may thoroughly confound operations, and therefore reduce productivity in others. One of the situations for which there may be justification for special policies is the cities. They are the most visible users of Federal education funds, often spending millions of dollars at a time, and often with embarrassingly low productivity. The fact that the public can see such large amounts of Federal funds pouring into city schools while students still leave school illiterate is one of the reasons Federal programs in general are in such low repute.

Granted, the problems of the larger cities are complex and they have thus far defied efforts for effective reform. Nevertheless, policies which more accurately reflect their special circumstances might have a greater chance of being effective. One of the circumstances of the large cities is that they often do not relate to their State educational agencies in the same way as smaller districts. State legislatures and agencies are often rural and small town dominated, with mutual suspicion and cultural gaps between them and urban school officials. Another is that the urban school districts themselves often have to deal with local schools and subdistricts within the city on a decentralized basis, so that the city officials become almost another layer of government, creating a four-tier, rather than three-tier system. State officials cannot hold the urban officials directly accountable for implementation at the school level, but must hold schools accountable through an often quite distant urban bureaucracy. Whatever complexities Federal regulations generate within the normal three-tier system are multiplied in this four-tier system.

At the same time, however, the cities are the places most in need of help, and the most likely to generate a *national* sense of urgency (particularly in times of urban riots, but the same conditions of course are present whether or not riots call attention to them). It is imperative, therefore, that whatever Federal programs exist cut through the layers of red tape and confusion so that they can provide effective help at the school level. The idea of a direct relationship between the Federal Government and the urban school systems, discussed during the 1960s, and developed to some extent for non-education programs, has naturally always been threatening to State education agencies, and probably would not be politically feasible. However, studies should be undertaken to examine how policies might be adjusted to increase the chances for the programs to operate effectively and productively in the cities.

National Leadership

In rethinking the Federal role in education it is worth considering several different areas in which there could be changes in the pattern of national leadership. The emphasis on deregulation and reduced funding has made it clear that the Federal Government will be moving away from a "Big Daddy" role, either as major supporter or regulator of local schools. There may be much that Federal leadership can do, however, to help improve the quality of education without treading on local autonomy or undermining the effort to reduce the burden of complex Federal regulations.

Part of the secret of effective national leadership may be to focus more explicitly on clear national concerns. While from time to time Federal involvement in education has emphasized national interest, such as industrial development and national defense, in recent years it has been seen (often unfairly) more as interfering with local concerns. Yet, there remains a strong national interest in improving education.

As a nation, we are concerned that we may be falling behind our international competitors in education. For better or worse, we seem to be able to tolerate a large degree of educational failure and mediocrity at the local level—''that's just the way things are''—but when we look at ourselves as a nation it becomes intolerable to contemplate a Soviet Union that requires two years of calculus as the *standard* for all high school students while we allow most of our high school students to get away with not much more than elementary geometry and algebra, with large numbers of students not even getting that. We are shocked to see Japan and European countries with virtually 100 percent literary, while we are told by Rudolph Flesch (1981) that we are at 72 percent and dropping—already at the level of Burma, Albania, and the Fiji Islands and soon to be surpassed by Kuwait, Nicaragua and Zambia. We are chagrined to hold ourselves out to the world as the ''land of opportunity'' when we know that thousands of poor and minority children have little opportunity so long as they continue to be so poorly educated. We feel uneasy as a nation to see children in some parts of the country have so many more resources made available for their education than in other parts, especially when modern mobility will make the whole nation suffer from such disparities.

If such concerns are indeed part of a national consciousness, we should not be hesitant to express them. Failure to do so because of arbitrary limits on the Federal role in education may do a great disservice to future generations. What may be called for, on the contrary, is a more forthright, unashamed expression of our national interests, even if we are more cautious about responding to them uncritically with traditional grants and regulations. Liberals and conservatives alike have learned that traditional Federal initiatives, though ''well intended,'' may be ''ill-conceived'' (Halperin, 1976). It is time to consider new types of government roles in education and different strategies of governmental interaction.

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